Calgro M3 Developments Limited and its Subsidiaries

(Registration number 1996/017246/07)

Consolidated Financial Statements for the year ended 28 February 2013

pwc

General information

Calgro M3 Developments Limited

Incorporated in the Republic of South Africa

Registration number 1996/017246/07

Registered Office

Cedarwood House

Ballywoods Office Park

33 Ballyclare Drive

Bryanston

2196

Business Address

Cedarwood House

Ballywoods Office Park

33 Ballyclare Drive

Bryanston

2196

Postal Address

Private Bag X33

Craighall

2024

Published

7 May 2013

Preparer

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

Level of assurance

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

Bankers

First National Bank

Auditors

PricewaterhouseCoopers Inc.

Secretary

W Williams

Directors

BP Malherbe	Executive
WJ Lategan	Executive
FJ Steyn	Executive
DN Steyn	Executive

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

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Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the group and company as at the end of the 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 consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and company and all employees are required to maintain the highest ethical standards in ensuring the group and company`s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group and company is on identifying, assessing, managing and monitoring all known forms of risk across the group and company. While operating risk cannot be fully eliminated, the group and company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

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

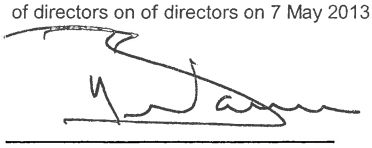
The directors have reviewed the group and company`s cash flow forecast for the year to 28 February 2014 and, in the light of this review and the current financial position, they are satisfied that the group and company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements.
The consolidated and separate financial statements have been examined by the group and company`s external auditors and their report is presented on page 6.

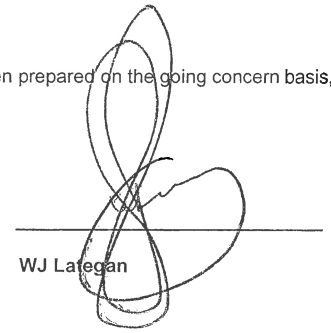
The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders and the board of directors. The board of directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The company`s ultimate holding company has appointed an audit committee which performs the functions required under Section 94(7) of the Companies Act 71 of 2008 on behalf of Calgro M3 Developments Limited. The audit committee of the ultimate 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 consolidated and separate financial statements set out on pages 5 to 44, which have been prepared on the going concern basis, were approved by the board of directors on of directors on 7 May 2013 and were signed on its behalf by:



BP Malherbe



WJ Lategan

Certification of the company secretary

I , Wayne Williams, hereby confirm, in my capacity as company secretary of Calgro M3 Developments Limited that for the year ended 28 February 2013, the company has filed all required returns and notices in terms of the Companies Act, 2008 and that all such returns and notices are to the best of my knowledge and belief true, correct and up to date.

Wayne Williams

Company secretary

07 May 2013

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

We have audited the consolidated and separate financial statements of Calgro M3 Developments Limited set out on pages 9 to 44, which comprise the statements of financial position as at 28 February 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Calgro M3 Developments Limited as at 28 February 2013, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 28 February 2013, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this and the audited financial statements. The Directors' report is the responsibility of the directors. Based on reading the Directors' Report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited the Directors' Report and accordingly do not express an opinion thereon.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc
Director: J-P van Staden
Registered Auditor
Sunnighill
7 May 2013

Directors' report

The directors submit their report for the year ended 28 February 2013

1. Nature of business

Main business and operations:

The company is engaged in construction. The operating results and state of affairs of the company are fully set out in the financial statement and do not in our opinion require any further comment.

Registered Office

Cedarwood House
Ballywoods Office Park
33 Ballyclare Drive
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2196

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Private Bag X33
Craighall
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2. Financial position

The financial statements on pages 5 - 44 set out fully the financial position, results of operations and cash flows of the group and company for the year ended 28 February 2013 and do not in our opinion require any further comment.

3. Going concern

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

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

4. Events after reporting period

There were no events after the year ended 28 February 2013 that warrant disclosure in this report.

5. Type of company

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

6. Accounting policies

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

7. Authorised and issued share capital

There were no changes to authorised or issued share capital of the company during the year under review.

8. Share Appreciation Rights

9,650,000 Share appreciation rights (SAR's) were granted to directors and selected employees. The scheme is divided into two categories. The first category (4,850,000 SAR's) will vest after 2, 3 and 4 years in equal tranches from the grant date. The second category (4,800,000 SAR's will vest after 3, 4, 5 and 6 years) in equal tranches from the grant date. The rights will vest if the share price at each vesting date exceeds the hurdle price. The hurdle price is the strike (allocation) price grown by CPI plus 2% per year over the vesting period. In the situation that the hurdle price is not achieved at the vesting date, 25% of the possible vested SAR's will roll over to the next vesting date.

Out of the 9,650,000 outstanding SAR's, Nil SAR's (February 2012: Nil) were exercisable as at 28 February 2013.

Refer to note 30 for details on the share appreciation rights scheme.

9. Capital expenditure

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

10. Dividends

No dividends were declared or paid to the shareholder during the year .

Directors' report

11. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Nationality	Appointed	Contract expiry
BP Malherbe	South African	01/06/2012	3 month notice
WJ Lategan	South African		3 month notice
FJ Steyn	South African		3 month notice
DN Steyn	South African		3 month notice

12. Secretary

WJ Lategan resigned as secretary of the company on 25 March 2013 and W Williams was appointed in his stead on 25 March 2013. The address of the secretary is set out below:

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

Postal address
Private Bag X33
Craighall
2024

13. Auditors

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

14. Preparer

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

15. Liquidity and solvency

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

16. Level of assurance

These financial statements have been audited in compliance with the applicable requirements of the Companies Act No. 71 of 2008.

17. Special Resolution

A special resolution was adopted during the 2013 financial year to convert Calgro M3 Developments from a private company to a public company. The resolution was passed due to the publically traded debt programme.

Refer to note 18 for the full details on the publically trade debts programme.

18. Analysis of Bond holders

Bond holders spread analysis as at 28 February 2013:

Bond holders with an holding of 5 % or more in bonds		
Atlantic Asset Managers	70 000 000	31.67%
Prudential Portfolio Managers	56 000 000	25.34%
Taquanta Asset Management	50 000 000	22.62%
RMB Asset Management	45 000 000	20.37%
	221 000 000	100.00%

19. Operating cycle

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

Consolidated statement of financial position	Notes	Group 2013	Group 2012	Company 2013	Company 2012
Assets					
Non-Current Assets					
Investment property	5	**4 239 303**	4 239 303	**4 239 303**	4 239 303
Property, plant and equipment	6	**4 188 071**	3 788 959	**4 040 366**	3 629 293
Intangible assets	7	**28 631 612**	28 713 616	**116 815**	198 819
Investment in subsidiaries	8	**-**	-	**300**	300
Deferred income tax asset	9	**984 578**	889 831	**-**	-
		38 043 564	37 631 709	**8 396 784**	8 067 715
Current Assets					
Loans receivable	10	**10 280 440**	22 007 486	**10 280 440**	22 007 486
Loans to group companies	11	**279 857 663**	206 869 013	**303 589 544**	227 565 045
Inventories	12	**19 606 347**	20 873 004	**18 861 438**	20 873 004
Current tax receivable		**193 794**	2 109 403	**-**	2 019 978
Construction contracts	13	**138 912 733**	85 573 404	**125 608 905**	75 751 399
Trade and other receivables	14	**40 722 737**	14 642 910	**36 826 715**	13 664 260
Cash and cash equivalents	15	**108 590 854**	75 530 531	**108 506 628**	75 171 137
		598 164 568	427 605 751	**603 673 670**	437 052 309
Total Assets		**636 208 132**	465 237 460	**612 070 454**	445 120 024
Equity and Liabilities					
Equity					
Equity attributable to owners of the parent					
Share capital	16	**88 561 467**	88 561 467	**88 561 467**	88 561 467
Retained income		**151 354 759**	96 994 244	**97 805 029**	57 081 556
		239 916 226	185 555 711	**186 366 496**	145 643 023
Liabilities					
Non-current Liabilities					
Finance Lease obligations	17	**215 446**	244 644	**215 446**	244 644
Deferred income tax liability	9	**26 333 705**	18 908 887	**26 703 547**	18 908 887
		26 549 151	19 153 531	**26 918 993**	19 153 531
Current Liabilities					
Loans from group companies	11	**304 701**	554 555	**49 275 865**	28 353 482
Borrowings	18	**221 000 000**	147 221 371	**221 000 000**	147 221 371
Current income tax liabilities		**754 726**	-	**410 988**	-
Finance lease obligations	17	**511 024**	1 461 964	**511 024**	1 461 964
Trade and other payables	19	**147 172 304**	111 290 328	**127 587 088**	103 286 653
		369 742 755	260 528 218	**398 784 965**	280 323 470
Total Liabilities		**396 291 906**	279 681 749	**425 703 958**	299 477 001
Total Equity and Liabilities		**636 208 132**	465 237 460	**612 070 454**	445 120 024

Consolidated statement of comprehensive income		Group		Company	
	Notes	**2013**	2012	**2013**	2012
Revenue	20	**774 063 939**	504 115 680	**663 480 617**	463 884 713
Cost of sales	21/23	**(637 231 361)**	(422 166 636)	**(548 343 885)**	(387 066 009)
Gross profit		**136 832 578**	81 949 044	**115 136 732**	76 818 704
Other income	22	**4 079 369**	2 569 557	**13 183 638**	18 840 328
Administrative expenses	23	**(79 969 014)**	(47 654 784)	**(84 333 029)**	(50 479 326)
Other expenses	23	**(615 201)**	759 571	**(615 201)**	759 571
Operating profit		**60 327 732**	37 623 388	**43 372 140**	45 939 277
Finance income	24	**39 192 158**	22 502 702	**41 790 684**	24 753 446
Finance costs	25	**(21 286 779)**	(9 021 325)	**(25 860 310)**	(11 869 227)
Profit before tax		**78 233 111**	51 104 765	**59 302 515**	58 823 496
Taxation	26	**(23 872 596)**	(14 443 425)	**(18 579 042)**	(16 699 196)
Profit after taxation		**54 360 515**	36 661 340	**40 723 473**	42 124 300
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income		**54 360 515**	36 661 340	**40 723 473**	42 124 300

Profit after taxation and other comprehensive income attributable to:		
Owners of the parent	54 360 515	36 661 340

Statement of changes in equity

	Share capital	Share premium	Share base payment reserve	Retained income	Total equity
Group					
Balance at 01 March 2011	**101**	**88 561 366**	**-**	**60 332 904**	**148 894 371**
Share options scheme cancelled	-	-	4 488 750	-	4 488 750
Bonus paid as consideration for cancellation of share option scheme	-	-	(4 488 750)	-	(4 488 750)
Share based payment reserve	-	-	-	-	-
Comprehensive income					
Profit for the year	-	-	-	36 661 340	36 661 340
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	36 661 340	36 661 340
Balance at 29 February 2012	**101**	**88 561 366**	**-**	**96 994 244**	**185 555 711**
Comprehensive income					
Profit for the year	-	-	-	54 360 515	54 360 515
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	54 360 515	54 360 515
Balance at 28 February 2013	**101**	**88 561 366**	**-**	**151 354 759**	**239 916 226**
Note	16	16			
Company					
Balance at 01 March 2011	**101**	**88 561 366**	**-**	**14 957 256**	**103 518 723**
Share options scheme cancelled	-	-	4 488 750	-	4 488 750
Bonus paid as consideration for cancellation of share option scheme	-	-	(4 488 750)	-	(4 488 750)
Share based payment reserve	-	-	-	-	-
Comprehensive income					
Profit for the year	-	-	-	42 124 300	42 124 300
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	42 124 300	42 124 300
Balance at 29 February 2012	**101**	**88 561 366**	**-**	**57 081 556**	**145 643 023**
Comprehensive income					
Profit for the year	-	-	-	40 723 473	40 723 473
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	40 723 473	40 723 473
Balance at 28 February 2013	**101**	**88 561 366**	**-**	**97 805 029**	**186 366 496**
Note	16	16			

Consolidated statement of cash flows		Group		Company	
	Notes	**2013**	2012	**2013**	2012
Cash generated from operations					
Cash generated from operations	27	53 558 677	70 325 989	27 934 553	67 035 869
Interest received		813 173	22 001 558	811 598	23 857 814
Interest paid		(22 364 915)	(10 351 854)	(22 364 557)	(14 515 192)
Tax paid	28	(13 872 190)	(11 034 326)	(8 353 416)	(4 172 255)
Net cash from/(utilised in) operating activities		**18 134 745**	70 941 367	**(1 971 822)**	72 206 235
Cash flows from investing activities					
Purchase of property plant and equipment		(2 863 987)	(419 976)	(2 757 276)	(400 816)
Purchase of intangible assets		(67 509)	(268 350)	(67 509)	(268 350)
Loans advanced		(17 533 510)	(17 042 700)	(17 533 510)	(17 042 700)
Repayment of loans		28 736 813	1 551 892	28 736 813	1 551 892
Advances to group companies		(688 770 919)	(520 778 018)	(688 770 919)	(524 491 892)
Repayments of loans to group companies		623 243 269	447 913 121	623 243 269	447 913 121
Net cash invested in investing activities		**(57 255 841)**	(89 044 031)	**(57 149 132)**	(92 738 745)
Cash flows from financing activites					
Proceeds of borrowings		152 624 995	170 261 016	152 624 996	170 261 016
Repayment of borrowings		(79 826 505)	(86 513 684)	(79 826 505)	(86 513 684)
Advances from group companies		-	-	117 572 437	50 438 045
Repayment of loans from group companies		(617 071)	-	(97 914 484)	(48 359 246)
Net cash from financing activities		**72 181 419**	83 747 332	**92 456 444**	85 826 131
Net increase in cash and cash equivalents		**33 060 323**	65 644 669	**33 335 490**	65 293 621
Cash and cash equivalents at the beginning of the year		75 530 531	9 885 862	75 171 137	9 877 516
Cash and cash equivalents at end of the year	15	**108 590 854**	75 530 531	**108 506 627**	75 171 137

Notes to the Consolidated Financial Statements

1. General Information

Calgro M3 Developments Limited (the "company") and its subsidiaries (together "the group") is a construction company with trading subsidiaries engaged in investment holding, residential land development and construction.

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

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

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

Any reference to group companies, includes Calgro M3 Holdings Limited, the company's holding company, and fellow subsidiaries of the holding company.

(a) New standards and interpretations

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

- **IAS 12 - Amendment to IAS 12,'Income taxes' on deferred tax**

  Currently IAS 12, 'Income taxes', requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. Hence this amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes- recovery of revalued non-depreciable assets', would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is accordingly withdrawn.
  The effective date of the standard is for years beginning on or after 1 January 2012.
  It does not have a material impact on the group's financial statements.

(ii) Standards and interpretations issued not yet effective:

- **IFRS 9 - Financial Instruments**

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

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

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

Notes to the Consolidated Financial Statements

(a) **New standards and interpretations (continued)**

(ii) Standards and interpretations issued not yet effective (continued):

- **IFRS 12 – Disclosures of interests in other entities**

  This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off statement of financial position vehicles.
  The effective date of the standard is for years beginning on or after 1 January 2013.
  It is not expected to have a material impact on the group's financial statements.

- **IFRS 10 - Consolidated financial statements**

  This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries.
  The effective date of the standard is for years beginning on or after 1 January 2013.
  It is not expected to have a material impact on the group's financial statements.

- **IFRS 11 - Joint arrangements**

  This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.
  The effective date of the standard is for years beginning on or after 1 January 2013.
  It is not expected to have a material impact on the group's financial statements.

- **IFRS 13 – Fair value measurement**

  This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP.
  The effective date of the standard is for years beginning on or after 1 January 2013.
  It is not expected to have a material impact on the group's financial statements.

- **IAS 27 (revised 2011) – Separate financial statements**

  This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
  The effective date of the standard is for years beginning on or after 1 January 2013.
  It is not expected to have a material impact on the group's financial statements.

- **IAS 28 (revised 2011) – Associates and joint ventures**

  This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
  The effective date of the standard is for years beginning on or after 1 January 2013.
  It is not expected to have a material impact on the group's financial statements.

- **IFRS 7 – Financial instruments: Disclosure - Assets and Liability offsetting**

  The IASB has published an amendment to IFRS 7, 'Financial instruments: Disclosures', reflecting the joint requirements with the FASB to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.
  The effective date of the standard is for years beginning on or after 1 January 2013.
  It is not expected to have a material impact on the group's financial statements.

- **IAS 32 - Financial Instruments - Amendment - Offsetting Financial Assets and Financial Liabilities**

  The application guidance of IAS 32 has been amended to clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments do not change the current offsetting model in IAS 32, but clarify that the right of set-off must be available today – that is, it is not contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendments also clarify that gross settlement mechanisms (such as through a clearing house) with features that both (i) eliminate credit and liquidity risk and (ii) process receivables and payables in a single settlement process, are effectively equivalent to net settlement; they would therefore satisfy the IAS 32 criterion in these instances. Master netting agreements where the legal right of offset is only enforceable on the occurrence of some future event, such as default of the counterparty, continue not to meet the offsetting requirements.
  The effective date of the standard is for years beginning on or after 1 January 2013.
  It is not expected to have a material impact on the group's financial statements.

- **IAS 1 - Presentation of Financial Statements: on the presentation of items of OCI**

  The IASB has issued an amendment to IAS 1, 'Presentation of financial statements'. The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.
  The effective date of the standard is for years beginning on or after 1 July 2012.
  It is not expected to have a material impact on the group's financial statements.

Notes to the Consolidated Financial Statements

(a) New standards and interpretations (continued)

(ii) Standards and interpretations issued not yet effective (continued):

- **IFRS 10 - Consolidated financial statements, IFRS 11 - Joint arrangements, IFRS 12 – Disclosures of interests in other entities Amendment to the transition requirements**

  The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10 is adopted – for example, 1 January 2013 for a calendar-year entity that adopts IFRS 10 in 2013. Entities adopting IFRS 10 should assess control at the date of initial application; the treatment of comparative figures depends on this assessment. The amendment also requires certain comparative disclosures under IFRS 12 upon transition.
  The effective date of the standard is for years beginning on or after 1 January 2013.
  It is not expected to have a material impact on the group's financial statements.

- **IFRS 10 - Consolidated financial statements, IFRS 11 - Joint arrangements, IFRS 12 – Disclosures of interests in other entities Amendment to the transition requirements**

  The amendments apply to a particular class of business that qualify as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds. Under IFRS 10 Consolidated Financial Statements, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). Preparers and users of financial statements have suggested that consolidating the subsidiaries of investment entities does not result in useful information for investors. Rather, reporting all investments, including investments in subsidiaries, at fair value, provides the most useful and relevant information. In response to this, the Investment Entities amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.
  The effective date of the standard is for years beginning on or after 1 January 2014.
  It is not expected to have a material impact on the group's financial statements.

- **Annual improvement process - Amendments to IAS 1 - Presentation of Financial Statements**

  The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either: as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors'; or voluntarily.
  The effective date of the standard is for years beginning on or after 1 January 2013.
  It is not expected to have a material impact on the group's financial statements.

- **Annual improvement process - Amendments to IAS 16 - Property, plant and equipment**

  The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment.
  The effective date of the standard is for years beginning on or after 1 January 2013.
  It is not expected to have a material impact on the group's financial statements.

- **Annual improvement process - Amendments to IAS 32 - Financial Instruments: Presentation**

  The amendment clarifies the treatment of income tax relating to distributions and transaction costs. The amendment clarifies that the treatment is in accordance with IAS 12. So, income tax related to distributions is recognised in the income statement, and income tax related to the costs of equity transactions is recognised in equity.
  The effective date of the standard is for years beginning on or after 1 January 2013.
  It is not expected to have a material impact on the group's financial statements.

- **Annual improvement process - Amendments to IAS 34 - Interim financial reporting**

  The amendment brings IAS 34 into line with the requirements of IFRS 8, 'Operating segments'. A measure of total assets and liabilities is required for an operating segment in interim financial statements if such information is regularly provided to the CODM and there has been a material change in those measures since the last annual financial statements.
  The effective date of the standard is for years beginning on or after 1 January 2013.
  It is not expected to have a material impact on the group's financial statements.

- **IAS 32 - Financial instruments: Presentation - Amendment**

  The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP.
  The effective date of the standard is for years beginning on or after 1 January 2014.
  It is not expected to have a material impact on the group's financial statements.

- **IFRS 9 (Amendment): Financial Instruments: Disclosures - IFRS 9 Transitional Disclosures**

  The amendment requires additional disclosure on the transition from IAS 39 to IFRS 9. This additional disclosure is only required when an entity adopts IFRS 9 for financial periods beginning on/after 1 January 2013. If an entity adopts IFRS 9 for financial periods beginning on/after 1 January 2012 and before 1 January 2013, the entity can either provide the additional disclosure or restate prior periods. The additional disclosure highlights the changes in classification of financial assets and financial liabilities upon the adoption of IFRS 9.
  The effective date of the standard is for years beginning on or after 1 January 2015.
  It is not expected to have a material impact on the group's financial statements.

Notes to the Consolidated Financial Statements

2.2 Consolidation

Basis of consolidation

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

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

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

(i) Transactions and non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

(b) Business combinations

The company accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued.Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liabilities or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal company) that are classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held-For-Sale and discontinued operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the company assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for company purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interest arising from a business combination is measured either at their share of the fair value of the assets and liabilities of the acquiree or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations.

In cases where the company held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

2.3 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Notes to the Consolidated Financial Statements

2.3 Property, plant and equipment (continued

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

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

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

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

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

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

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

2.4 Investment property

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

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

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

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

Item	Useful life
- Land	Unlimited
- Buildings	20 years

2.5 Intangible assets

(a) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(b) *Computer software*

Computer software is initially recorded at cost.

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

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

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

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

Item	Average useful life
- Computer software	2 years

Notes to the Consolidated Financial Statements

2.6 Impairment of non-financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

2.7 Financial instruments

2.7.1 Classification

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

- Loans and receivables
- Financial liabilities measured at amortised cost

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

2.7.2 Initial recognition and measurement

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

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

2.7.3 Subsequent measurement

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

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

2.7.4 Derecognition

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.

2.7.5 Impairment of financial assets

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

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

Impairment losses are recognised in profit or loss.

Notes to the Consolidated Financial Statements

2.7.5 Impairment of financial assets (continued)

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

Reversals of impairment losses are recognised in profit or loss.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within administrative expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against administrative expenses.

2.7.6 Investment in subsidiaries

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

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

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

2.7.7 Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

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

Trade and other receivables are classified as loans and receivables.

2.7.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

2.7.9 Loans to/(from) group companies

These include loans to and from holdings companies, fellow subsidiaries 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.

2.7.10 Trade payables

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

2.7.11 Borrowings

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

Borrowings are classified as current liabilities based on the operating cycle of the group.

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

Notes to the Consolidated Financial Statements

2.8 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 are likely to be recoverable.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

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

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

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

2.9 Inventories

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

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

2.10 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity.

2.11 Borrowing costs

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

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

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

The capitalisation of borrowing costs commences when:

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

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

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

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

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

Notes to the Consolidated Financial Statements

2.12 Income tax

Current income tax assets and liabilities

Current income tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.
Current income tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax assets and liabilities

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

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

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

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

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

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

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

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

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

Income tax expenses

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

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

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

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

Dividend Tax

The new dividends tax became effective on 1 April 2012. This tax is levied on the shareholders (provided they are not exempt) rather than on the company itself. The company is responsible for the collection of the dividends tax and payment of the amounts collected to the South African Revenue Service (SARS). As the tax is levied on the shareholders and not the company, the dividends tax does not form part of the tax expense recognised in profit or loss or in other comprehensive income; instead the liability to shareholders on the declaration of a dividend is reduced and a liability for the amount payable to the SARS is recognised.

2.13 Employee benefits

(a) Defined contribution plans

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

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

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

Notes to the Consolidated Financial Statements

2.13 Employee benefits (continued)

(b) *Short-term benefits*

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

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

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

(c) *Bonus plans*

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

2.14 Share-based payments

Goods or services settled in cash

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

2.15 Provisions and contingencies

Provisions are recognised when:

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

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

Provisions are not recognised for future operating losses.

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

Contingent assets and contingent liabilities are not recognised.

2.16 Revenue recognition

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

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) *Sale of developed land*

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

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

(b) *Rendering of services*

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

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

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

Notes to the Consolidated Financial Statements

2.16 Revenue recognition (continued)

(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.

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

2.17 Other income

(a) *Finance income*

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

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

(b) *Dividend income*

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

(c) *Rental income*

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

(d) *Management fees*

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

2.18 Leases

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

Finance leases – lessee

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

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

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

Operating leases - lessor

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

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

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

Operating leases – lessee

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

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

Notes to the Consolidated Financial Statements

2.19 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are declared.

3 Risk management

3.1 Financial risk management

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

The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. Risk management is carried out under policies approved by management.

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

(a) *Market risk*

(i) Foreign currency and commodity price risks

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

(ii) Cash flow and fair value interest rate risk

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

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

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

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

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

The scenarios are run for asests and liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on post-tax profit of a 1% (2012 - 2%) shift would be a maximum increase/decrease of:

	Group		Company	
	2013	2012	**2013**	2012
1 % (2012 - 2 %) increase/decrease on interest bearing borrowings	1 598 624	2 152 548	1 951 217	2 552 853
1 % (2012 - 2 %) increase/decrease on interest bearing assets	2 796 829	3 212 925	2 967 092	3 510 948

The simulation is done on a yearly basis to verify that the maximum loss potential is within the limit given by management.
The group and company does not have any fixed rate borrowings and is not exposed to fair value interest rate risk.

(b) *Credit risk*

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

Details of financial assets are set out in note 35.

(c) *Liquidity risk*

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

The group and company manages liquidity risk by monitoring forecast cash flows.

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

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

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

Notes to the Consolidated Financial Statements

3 Risk management (continued)

3.1 Financial risk management (continued)

(c) *Liquidity risk (continued)*

The table below analyses the group and company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting period date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

Group

at 28 February 2013	Less than 1 year	Between 1 and 2 years	Between 1 and 2 years	Over 5 years	Total
Borrowings	24 389 986	115 155 303	151 221 205	-	**290 766 494**
Loans from group companies	304 701	-	-	-	**304 701**
Finance lease obligations	545 317	223 128	-	-	**768 445**
Trade and other payables	128 292 715	-	-	-	**128 292 715**
	153 532 719	**115 378 431**	**151 221 205**	**-**	**420 132 355**

at 28 February 2012	Less than 1 year	Between 1 and 2 years	Between 1 and 2 years	Over 5 years	Total
Borrowings	68 490 742	12 126 040	155 627 788	-	**236 244 570**
Loans from group companies	554 555	-	-	-	**554 555**
Finance lease obligations	1 629 641	223 128	-	-	**1 852 769**
Trade and other payables	94 506 997	-	-	-	**94 506 997**
	165 181 935	**12 349 168**	**155 627 788**	**-**	**333 158 891**

Company

at 28 February 2013	Less than 1 year	Between 1 and 2 years	Between 1 and 2 years	Over 5 years	Total
Borrowings	24 389 986	115 155 303	151 221 205	-	**290 766 494**
Loans from group companies	49 275 865	-	-	-	**49 275 865**
Finance lease obligations	545 317	223 128	-	-	**768 445**
Trade and other payables	109 424 326	-	-	-	**109 424 326**
	183 635 494	**115 378 431**	**151 221 205**	**-**	**450 235 130**

at 28 February 2012	Less than 1 year	Between 1 and 2 years	Between 1 and 2 years	Over 5 years	Total
Borrowings	68 490 742	12 126 040	155 627 788	-	**236 244 570**
Loans from group companies	28 353 482	-	-	-	**28 353 482**
Finance lease obligations	1 629 641	223 128	-	-	**1 852 769**
Trade and other payables	91 866 123	-	-	-	**91 866 123**
	190 339 988	**12 349 168**	**155 627 788**	**-**	**358 316 944**

3.2 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 18, cash and cash equivalents disclosed in note 15, and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year. The target Debt/Equity ratio for the group is 1.5 : 1

3.3 Fair value estimation

The group is not exposed to any fair value estimation risk.

Notes to the Consolidated Financial Statements

4 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

(a) Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment.

Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including, cost of production, expected volume, expected selling price and discount rates, together with economic factors.

(b) Share based payments

Management used the Bi-Nomial Tree Valuation method to determine the value of the options at issue date. Additional details regarding the estimates are included in the note 30 Share based payments.

(c) Construction contracts revenue recognition and profit taking

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

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

(d) Trade receivables and Loans and receivables

The group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

(e) Land under development held for sale

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

(f) Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

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.

In assessing the fair value of investment property, valuations consider title deed information, town planning conditions, locality and improvements made to the property. Property vacancy rates in surrounding areas, realised yields on comparative sales as well as micro- and macro-economic conditions pertaining to residential properties are considered.

Notes to the Consolidated Financial Statements

5 Investment Property

Group	2013			2012		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Investment property	4 239 303	-	4 239 303	4 239 303	-	4 239 303

Reconciliation of investment property - Group - 2013

	Opening balance	Additions	Depreciation	
Investment Property	4 239 303	-	-	4 239 303

Reconciliation of investment property - Group - 2012

	Opening balance	Additions	Depreciation	Carrying amount
Investment Property	4 239 303	-	-	4 239 303

Company	2013			2012		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Investment property	4 239 303	-	4 239 303	4 239 303	-	4 239 303

Reconciliation of investment property - Company - 2013

	Opening balance	Additions	Depreciation	Carrying amount
Investment Property	4 239 303	-	-	4 239 303

Reconciliation of investment property - Company - 2012

	Opening balance	Additions	Depreciation	Carrying amount
Investment Property	4 239 303	-	-	4 239 303

	Group		Company	
Details of properties	**2013**	2012	**2013**	2012
Land and building situated on stand 2334 Northriding Ext 82				
Land - At cost	307 017	307 017	307 017	307 017
Building	1 769 869	1 769 869	1 769 869	1 769 869
	2 076 886	**2 076 886**	**2 076 886**	**2 076 886**
Land and building situated on stand 2336 Northriding Ext 82				
Land - At cost	307 017	307 017	307 017	307 017
Building	1 855 400	1 855 400	1 855 400	1 855 400
	2 162 417	**2 162 417**	**2 162 417**	**2 162 417**
	4 239 303	**4 239 303**	**4 239 303**	**4 239 303**

Land and buildings under investment property have a fair value of R 4,500,000 (2012 - R5,100,000). The fair value is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

The residual value of land and buildings under investment property exceeds the carrying amount, as a result, no depreciation has been provided.

In assessing the fair value of investment property, valuations consider title deed information, town planning conditions, locality and improvements made to the property. Property vacancy rates in surrounding areas, realised yields on comparative sales as well as micro- and macro-economic conditions pertaining to residential properties are considered.

Investment properties with a carrying value of R4,239,305 (2012 - R4,239,305) are pledged as security for mortgage bonds with Rand Merchant Bank Limited as set out in note 18.

Repairs and maintenance expended on investment property amount to Rnil (2012 - Rnil).

Rental income received in respect of investment property amounts to R286,166 (2012 - R165,000). Refer to note 22.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

6 Property, plant and equipment

Group	2013			2012		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Plant and machinery	5 968 177	(3 914 461)	2 053 716	3 883 330	(3 123 718)	759 612
Furniture and fixtures	3 700 869	(3 191 408)	509 461	3 651 874	(2 577 671)	1 074 203
Motor vehicles	1 692 737	(1 155 184)	537 553	1 502 474	(816 636)	685 838
Office equipment	1 069 305	(380 552)	688 753	852 358	(85 278)	767 080
IT equipment	1 654 892	(1 273 058)	381 834	1 331 956	(1 093 514)	238 442
Leasehold Improvements	1 616 441	(1 599 687)	16 754	1 616 441	(1 352 657)	263 784
Total	15 702 421	(11 514 350)	4 188 071	12 838 433	(9 049 474)	3 788 959

Notes to the Consolidated Financial Statements

6 Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2013

	Opening Balance	Additions	Depreciation	Closing carrying amount
Plant and machinery	759 612	2 084 847	(790 743)	2 053 716
Furniture and fixtures	1 074 204	48 994	(613 737)	509 461
Motor vehicles	685 838	190 263	(338 548)	537 553
Office equipment	767 080	216 947	(295 274)	688 753
IT equipment	238 442	322 936	(179 544)	381 834
Leasehold Improvements	263 784	-	(247 030)	16 754
	3 788 960	2 863 987	(2 464 876)	4 188 071

Reconciliation of property, plant and equipment - Group - 2012

	Opening Balance	Additions	Depreciation	Closing carrying amount
Plant and machinery	1 367 811	91 156	(699 355)	759 612
Furniture and fixtures	1 566 132	103 474	(595 403)	1 074 203
Motor vehicles	953 622	-	(267 784)	685 838
Office equipment	20 221	799 762	(52 903)	767 080
IT equipment	149 100	216 747	(127 405)	238 442
Leasehold Improvements	583 181	-	(319 397)	263 784
	4 640 067	1 211 139	(2 062 247)	3 788 959

Company	2013			2012		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Closing Carrying amount
Plant and machinery	5 907 966	(3 891 881)	2 016 085	3 883 330	(3 123 717)	759 613
Furniture and fixtures	3 413 054	(2 958 203)	454 851	3 364 060	(2 391 867)	972 193
Motor vehicles	1 692 737	(1 155 184)	537 553	1 502 474	(816 636)	685 838
Office equipment	1 001 982	(358 955)	643 027	831 535	(64 832)	766 703
IT equipment	1 495 447	(1 119 505)	375 942	1 172 510	(951 628)	220 882
Leasehold Improvements	1 396 200	(1 383 292)	12 908	1 396 200	(1 172 136)	224 064
Total	**14 907 386**	**(10 867 020)**	**4 040 366**	12 150 109	(8 520 816)	3 629 293

Reconciliation of property, plant and equipment - Company - 2013

	Opening Balance	Additions	Depreciation	Closing Carrying amount
Plant and machinery	759 613	2 024 635	(768 164)	2 016 084
Furniture and fixtures	972 193	48 994	(566 336)	454 851
Motor vehicles	685 838	190 263	(338 548)	537 553
Office equipment	766 703	170 447	(294 123)	643 027
IT equipment	220 882	322 937	(167 877)	375 942
Leasehold Improvements	224 064	-	(211 156)	12 908
	3 629 292	2 757 276	(2 346 204)	4 040 365

Reconciliation of property, plant and equipment - Company - 2012

	Opening Balance	Additions	Depreciation	Closing Carrying amount
Plant and machinery	1 367 812	91 156	(699 354)	759 613
Furniture and fixtures	1 438 178	87 275	(553 260)	972 193
Motor vehicles	953 622	-	(267 784)	685 838
Office equipment	16 666	799 761	(49 724)	766 703
IT equipment	125 760	213 787	(118 665)	220 882
Leasehold Improvements	503 113	-	(279 049)	224 064
	4 405 151	1 191 979	(1 967 836)	3 629 293

	Group		Company	
Property, plant and equipment subject to finance lease	**2013**	2012	**2013**	2012
Carrying value of assets pledged as security under finance lease obligations				
Plant and machinery	175 504	640 167	175 504	640 167
IT Equipment	-	26 013	-	26 013
Motor vehicles	159 397	580 281	159 397	580 281
Office equipment	483 489	747 209	483 489	747 209
	818 390	**1 993 670**	**818 390**	**1 993 670**

Refer to note 17 for details of finance lease obligations.

Group
Depreciation expense of R2,464,876 (2012 - R2,062,247) has been charged in 'administrative expenses' in the statement of comprehensive income.

Company
Depreciation expense of R2,346,204 (2012 - R1,967,836) has been charged in 'administrative expenses' in the statement of comprehensive income.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

Notes to the Consolidated Financial Statements

7 Intangible assets

Group	2013			2012		
	Cost	Accumulated Amortisation/ Impairment	Closing Carrying amount	Cost	Accumulated Amortisation/ Impairment	Closing Carrying amount
Goodwill	43 228 775	(14 713 978)	28 514 797	43 228 775	(14 713 978)	28 514 797
Computer software	611 207	(494 392)	116 815	543 698	(344 879)	198 819
	43 839 982	**(15 208 370)**	**28 631 612**	43 772 473	(15 058 857)	28 713 616

Reconciliation of intangible assets - Group - 2013

	Opening Balance	Additions	Amortisation	Carrying amount
Goodwill	28 514 797	-	-	28 514 797
Computer software	198 819	67 509	(149 513)	116 815
	28 713 616	67 509	(149 513)	28 631 612

Reconciliation of intangible assets - Group - 2012

	Opening Balance	Additions	Amortisation	Carrying amount
Goodwill	28 514 797	-	-	28 514 797
Computer software	15 819	268 350	(85 350)	198 819
	28 530 616	268 350	(85 350)	28 713 616

Company	2013			2012		
	Cost	Accumulated Amortisation/ Impairment	Closing Carrying amount	Cost	Accumulated Amortisation/ Impairment	Closing Carrying amount
Computer software	611 207	(494 392)	116 815	543 698	(344 879)	198 819
	611 207	**(494 392)**	**116 815**	543 698	(344 879)	198 819

Reconciliation of intangible assets - Company - 2013

	Opening Balance	Additions	Amortisation	Closing Carrying amount
Computer software	198 819	67 509	(149 513)	116 815
	198 819	67 509	(149 513)	116 815

Reconciliation of intangible assets - Company - 2012

	Opening Balance	Additions	Amortisation	Closing Carrying amount
Computer software	15 819	268 350	(85 350)	198 819
	15 819	268 350	(85 350)	198 819

Group
Amortisation expenses of R149,513 (2012 - R85,350) has been included in 'administration expenses' in the statement of comprehensive income.

Company
Amortisation expenses of R149,513 (2012 - R85,350) has been included in 'administration expenses' in the statement of comprehensive income.

Impairment tests for goodwill

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

	Group	
	2013	2012
Construction contracts and land development	28 514 797	28 514 797
	28 514 797	**28 514 797**

The recoverable amounts of the construction contracts and land development Cash Generating Unit (CGU) has been determined based on value-in-use calculations.

These calculations use real pre-tax cash flow projections based on financial budgets approved by management covering a five year period.

The key assumptions used for value-in-use calculations are as follows:	Construction and land development CGU	
	2013	2012
Gross margin-	17.67%	13.80%
Pre-tax Discount rate (real)	24.97%	29.46%

These assumptions have been used for the analysis of each CGU within the operating segment.

Real cash flows were discounted at a real discount rate. No cash flows beyond the initial forecast periods of five years were included in the value-in-use calculations. This approach is considered to be conservative.

The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments. Management determined budgeted gross margin based on past performance and its expectations of market development and availability of cash for the end user.

Notes to the Consolidated Financial Statements

7 Intangible assets (continued)

Impairment tests for goodwill (continued)

If the budgeted gross margin used in the value-in-use calculations had been lower by 5% than the management estimates, the group would still not recognise an impairment of goodwill.

If the estimated pre tax discount rate applied to the discounted cashflows had been 5% higher than the management estimates, the group would still not recognise an impairment of goodwill.

Impairment tests for goodwill are performed annually.

8 Investment in subsidiaries

	% Voting power 2013	% Voting power 2012	% Holding 2013	% Holding 2012	Carrying amount 2013	Carrying amount 2012
Company						
Name of company						
Direct						
MS5 Pennyville (Pty) Ltd	**100%**	100%	**100.00%**	100.00%	**100**	100
MS5 Projects (Pty) Ltd	**100%**	100%	**100.00%**	100.00%	**100**	100
CM3 Randpark Ridge Ext 120 (Pty) Ltd	**100%**	100%	**100.00%**	100.00%	**100**	100
Calgro M3 Rectification Company (Pty) Ltd	**100%**	0%	**100.00%**	0.00%	**-**	-
					300	300
In-direct						
PZR Pennyville Zamamphilo Relocation (Pty) Ltd	**100%**	100%	**100.00%**	100.00%		
PZR Fleurhof (Pty) Ltd	**0%**	100%	**0.00%**	100.00%		

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

Calgro M3 Rectification Company (Pty) Ltd has been incorporated under the new Companies Act 71 of 2008. The value of the shares are stated at no par value.

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

9 Deferred income tax asset/(liability)

	Group		Company	
	2013	2012	**2013**	2012
Reconciliation of deferred tax asset/(liability)				
At beginning of the year - originating temporary difference on construction contracts	(18 019 056)	(6 371 563)	(18 908 887)	(2 209 692)
Tax losses available for set off against future taxable income	134 806	186 530	-	-
Construction contracts	(7 464 877)	(12 220 802)	(7 794 660)	(16 684 101)
Capital allowances	-	26 505	-	52 684
Provisions	-	68 005	-	40 997
Operating leases	-	(108 775)	-	(108 775)
Inventory	-	401 044	-	-
	(25 349 127)	**(18 019 056)**	**(26 703 547)**	**(18 908 887)**
Deferred tax liability				
Construction contracts	(26 367 540)	(18 942 722)	(26 737 381)	(18 942 722)
Accelerated capital allowances for tax purposes	(183 211)	(183 211)	(183 211)	(183 211)
Provisions	135 580	135 580	135 580	135 580
Operating leases	81 466	81 466	81 466	81 466
Inventory	-	-	-	-
Deferred tax liability	**(26 333 705)**	**(18 908 887)**	**(26 703 547)**	**(18 908 887)**
Deferred tax asset				
Tax losses available for set off against future taxable income	416 693	281 887	-	-
Construction contracts	540 048	580 107	-	-
Capital allowances	829	829	-	-
Provisions	27 008	27 008	-	-
Deferred tax asset	**984 578**	**889 831**	**-**	**-**
	(25 349 127)	**(18 019 056)**	**(26 703 547)**	**(18 908 887)**
Deferred tax liability				
Deferred tax asset to be recovered within 12 months	(26 150 494)	(18 725 676)	(26 520 336)	(18 725 676)
Deferred tax asset to be recovered after more than 12 months	(183 211)	(183 211)	(183 211)	(183 211)
	(26 333 705)	**(18 908 887)**	**(26 703 547)**	**(18 908 887)**
Deferred tax asset				
Deferred tax liability to be recovered within 12 months	983 749	889 002	-	-
Deferred tax liability to be recovered after more than 12 months	829	829	-	-
	984 578	**889 831**	**-**	**-**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Notes to the Consolidated Financial Statements

	Group		Company	
	2013	2012	**2013**	2012
10 Loans receivable				
Fleurhof Ext 2 (Pty) Ltd The loan was unsecured, bore interest at prime plus 2 % and has been repaid.	-	10 000 000	-	10 000 000
Aquarella Investments 265 (Pty) Ltd The loan was unsecured, interest free, and has been repaid.	-	6 250 000	-	6 250 000
Sabre Homes Projects (Pty) Ltd The loan was unsecured, bore interest at prime plus 2 % and has been repaid.	-	809	-	809
Clidet No 1014 (Pty) Ltd The loan is unsecured, bears interest at prime plus 2 % and is repayable in the following 12 months.	4 523 763	-	4 523 763	-
Autumn Star Trading 910 (Pty) Ltd The loan is unsecured, interest free and is payable on demand. The Autumn Star Trading 910 (Pty) Ltd loan is subject to litigation. Management estimates that this claim will be settled prior to or by the courts in June 2013 and have therefore classified it as current.	5 756 677	5 756 677	5 756 677	5 756 677
Current assets	**10 280 440**	**22 007 486**	**10 280 440**	**22 007 486**
11 Loans to/(from) group companies				
Holding Company				
Calgro M3 Holdings Limited The loan is unsecured, bears interest at prime plus 3% and is repayable on demand.	279 855 255	203 404 380	279 855 254	203 404 380
Fellow Subsidiary				
CTE Consulting (Pty) Ltd The loan is unsecured, bears interest at prime plus 3% and is repayable on demand.	2 409	3 464 633	-	3 462 488
CTE Consulting (Pty) Ltd The loan is unsecured, bears interest at prime plus 3% and is repayable on demand.	(304 701)	(554 555)	(304 701)	-
Subsidiaries				
MS5 Pennyville (Pty) Ltd The loan is unsecured, bears interest at prime plus 3% and is repayable on demand.	-	-	23 734 290	20 698 177
CM3 Randpark Ridge Ext 120 (Pty) Ltd The loan is unsecured, bears interest at prime plus 3% and is repayable on demand.	-	-	(3 968 301)	(2 741 918)
MS5 Projects (Pty) Ltd The loan is unsecured, bears interest at prime plus 3% and is repayable on demand.	-	-	(23 557 500)	(4 999 660)
PZR Pennyville Zamimphilo Relocation (Pty) Ltd The loan is unsecured, bears interest at prime plus 3% and is repayable on demand.	-	-	(21 445 363)	(20 611 904)
Loans to group companies	279 857 663	206 869 013	303 589 544	227 565 045
Loans from group companies	(304 701)	(554 555)	(49 275 865)	(28 353 482)
	279 552 962	**206 314 458**	**254 313 679**	**199 211 563**

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

Notes to the Consolidated Financial Statements

	Group		Company	
	2013	2012	**2013**	2012

12 Inventories

Land under development held for sale	19 606 347	20 873 004	18 861 438	20 873 004
	19 606 347	**20 873 004**	**18 861 438**	**20 873 004**
Inventories to be sold within 12 months	400 000	1 200 000	400 000	1 200 000
Inventories to be sold after more than 12 months	19 206 347	19 673 004	18 461 438	19 673 004
	19 606 347	**20 873 004**	**18 861 438**	**20 873 004**

Group
Borrowing costs to the value of R1,143,545 (2012 - R892,503) have been capitalised. (Note 25)

Please refer to note 23 for inventories written down.

Inventory pledged as security
Land under development, with a carrying value of R19,606,347 (2012 - R19,873,004) is pledged as security for mortgage bonds with Rand Merchant Bank Limited held in the name of Calgro M3 Land (Pty) Ltd (a fellow subsidiary).

Inventories to the value of R6,065,000 (2012 - R8,225,111) are stated at net realisable value.

Company
Borrowing costs to the value of R1,143,545 (2012 - R2,324,806) have been capitalised. (Note 25)

Please refer to note 23 for inventories written down.

Inventory pledged as security
Land under development is secured by mortgage bonds over the properties with a carrying value of R18,861,438 (2012 - R19,873,004) is secured by mortgage bonds to Rand Merchant Bank Limited held in the name of Calgro M3 Land (Pty) Ltd (a fellow subsidiary).

Inventories to the value of R6,065,000 (2012 - R8,225,111) are stated at net realisable value.

13 Construction contracts

The aggregate costs incurred and recognised profits to date	1 117 028 682	527 881 034	1 078 263 068	488 192 160
Less: Progress billings	(989 938 809)	(457 098 779)	(964 162 381)	(422 655 815)
Net statement of financial position balance for ongoing contracts	**127 089 873**	**70 782 255**	**114 100 687**	**65 536 345**
Excess billings over work done	11 822 860	14 791 149	11 508 218	10 215 054
Statement of financial position balance for ongoing contracts	**138 912 733**	**85 573 404**	**125 608 905**	**75 751 399**
Construction contracts to be realised within 12 months	119 013 095	64 919 695	111 434 424	62 710 849
Construction contracts to be realised after 12 months	19 899 638	20 653 709	14 174 481	13 040 550
	138 912 733	**85 573 404**	**125 608 905**	**75 751 399**

14 Trade and other receivables

Trade receivables	830 798	4 782 612	643 327	4 752 054
Trade receivables - Related parties	28 850 049	3 097 028	28 850 049	3 046 521
Retention debtors - Related parties	3 989 900	5 273 334	3 989 900	5 273 335
Retention debtors	-	426 872	-	426 872
Prepayments	2 494 952	-	-	-
Other receivables	838 251	32 445	838 251	32 445
Securing deposits	100 784	151 855	81 962	133 033
Value Added Tax	3 618 003	878 764	2 423 226	-
	40 722 737	**14 642 910**	**36 826 715**	**13 664 260**
Financial Instruments	34 609 782	13 612 292	34 403 489	13 534 227
Non-financial Instruments	6 112 955	1 030 618	2 423 226	130 033
	40 722 737	**14 642 910**	**36 826 715**	**13 664 260**

Fair value of trade and other receivables
The carrying value of trade and other receivables approximates their fair values, due to the short term nature of these financial instruments.

Group

Trade receivables, related party receivables and retention debtors fully performing
At 28 February 2013, trade receivables of R29,752,295 (2012: R12,311,939) were fully performing.

Trade receivables past due but not impaired
As at 28 February 2013, trade receivables of R3,918,452 (2012: R1,267,908) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default.

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

30 to 60 days	3 158 736	-
60 days and older	759 716	1 267 908
	3 918 452	1 267 908

Trade receivables impaired
As of 28 February 2013, no trade receivables were impaired and provided for.

At 28 February 2013, trade receivables of R1,724,686 (2012 - R1,489,233) were written off as bad debt.

Notes to the Consolidated Financial Statements

	Group		Company	
	2013	2012	**2013**	2012

14 Trade and other receivables (continued)

Company

Trade receivables fully performing
At 28 February 2013, trade receivables of R29,751,995 (2012: R12,230,872) were fully performing.

Trade receivables past due but not impaired
As at 28 February 2013, trade receivables of R3,731,281 (2012: R1,267,908) were past due but not impaired. These relate to a number of customers for whom

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

30 to 60 days	3 149 381	-
60 days and older	581 900	1 267 908
	3 731 281	1 267 908

Trade receivables impaired
As of 28 February 2013, no trade receivables were impaired and provided for.

At 28 February 2013, trade receivables of R1,724,686 (2012 - R1,489,233) were written off as bad debt.

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

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The group does not hold any collateral as security. The carrying amounts of the group's and company's trade and other receivables are denominated in SA Rands.

15 Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the statement of cashflows

Cash on hand	1 025	225	990	90
Bank balances	108 589 829	75 530 306	108 505 638	75 171 047
	108 590 854	**75 530 531**	**108 506 628**	**75 171 137**
Current assets	108 590 854	75 530 531	108 506 628	75 171 137
	108 590 854	**75 530 531**	**108 506 628**	**75 171 137**

Group and company

Guarantees and suretyships

The bank has provided guarantees for a deposit on the lease of 33 Ballyclare Drive, Bryanston to the value of R675,256 (2012 - R506,340).

16 Share capital

Authorised				
1,000 Ordinary shares of R1 each	1 000	1 000	1 000	1 000
Issued				
101 Ordinary shares of R1 each	101	101	101	101
Share premium	88 561 366	88 561 366	88 561 366	88 561 366
	88 561 467	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	545 317	1 083 666	545 317	1 083 666
- in second to fifth year inclusive	223 128	769 103	223 128	769 103
	768 445	1 852 769	768 445	1 852 769
Less: future finance charges	(41 975)	(146 161)	(41 975)	(146 161)
Present value of minimum lease payments	**726 470**	**1 706 608**	**726 470**	**1 706 608**
Present value of minimum lease payments due				
- within one year	511 024	1 461 964	511 024	1 461 964
- in second to fifth year inclusive	215 446	244 644	215 446	244 644
	726 470	**1 706 608**	726 470	1 706 608
Non-current liabilities	215 446	244 644	215 446	244 644
Current liabilities	511 024	1 461 964	511 024	1 461 964
	726 470	**1 706 608**	726 470	1 706 608

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

Refer to note 6 for the carrying value of assets under finance lease.
The group's obligations under finance leases are secured by the lessor's charge over the leased assets.

Notes to the Consolidated Financial Statements

	Group		Company	
	2013	2012	**2013**	2012
18 Borrowings				
Current borrowings				
Nedbank	-	12 221 371	-	12 221 371
The loan was secured over the work in progress (2013: R Nil; 2012: R 38,046,386) on the Jabulani Hostel Project situated on the land registered in the name of City of Johannesburg, bore interest at prime plus 1% and has been repaid.				
Bond exchange	221 000 000	135 000 000	221 000 000	135 000 000
Atlantic Asset Managers 24 months instrument, which is unsecured, bears interest at jibar plus 3.20% and expires on 14 November 2014	70 000 000	-	70 000 000	-
Prudential Portfolio Managers 48 month instrument, which is unsecured, bears interest at fixed rate of 12,05% and expires on 28 March 2016	56 000 000	-	56 000 000	-
Taquanta Asset Management 60 month instrument, which is unsecured, bears interest at jibar plus 5.30%, and expires on 8 December 2016	50 000 000	50 000 000	50 000 000	50 000 000
RMB Asset Management 36 months instrument, which is unsecured, bears interest at jibar plus 8.00% and expires on 25 July 2014.	22 500 000	22 500 000	22 500 000	22 500 000
RMB Asset Management 48 month instrument, which is unsecured, bears interest at jibar plus 10.00% and expires on 25 July 2015.	22 500 000	22 500 000	22 500 000	22 500 000
Taquanta Asset Management 24 months instrument, which was unsecured, bore interest at jibar plus 6.50% and has been repaid.	-	5 000 000	-	5 000 000
Atlantic Asset Managers 12 month instrument, which was unsecured, bore interest at jibar plus 2.95% and has been repaid.	-	35 000 000	-	35 000 000
Total current borrowings	**221 000 000**	**147 221 371**	**221 000 000**	**147 221 371**
Total borrowings	**221 000 000**	**147 221 371**	**221 000 000**	**147 221 371**
Current liabilities				
Financial instruments	221 000 000	147 221 371	221 000 000	147 221 371
	221 000 000	**147 221 371**	**221 000 000**	**147 221 371**
Borrowings to be settled within 12 months	-	52 221 371	-	52 221 371
Borrowings to be settled after more than 12 months	221 000 000	95 000 000	221 000 000	95 000 000
	221 000 000	**147 221 371**	**221 000 000**	**147 221 371**

General

The directors have not breached the requirements of the company's Memorandum and Articles of Association in terms of their borrowing powers.

All borrowings are denominated in South African Rands.

The fair value of the borrowings approximates their carrying value, with the exception of the Bond exchange borrowing.

The fair value of the bond exchange borrowings at the end of the period under review is R229,681,867 (2012 - R140,168,695).

The fair value is based on cash-flows discounted using a rate for similar instruments on the reporting period date.

19 Trade and other payables

Trade payables	110 836 926	75 393 941	92 985 019	74 560 072
Retention creditors	3 921 270	3 259 979	3 921 270	3 259 979
Accrued expenses	13 512 519	15 702 077	12 496 037	13 895 072
Value Added Tax	402 185	1 607 968	-	821 262
Accrual for leave pay	510 321	384 214	510 321	384 214
Share appreciation rights liabilities	6 144 223	-	6 144 223	-
Deposits received	22 000	151 000	22 000	151 000
Excess billings over work done	11 822 860	14 791 149	11 508 218	10 215 054
	147 172 304	**111 290 328**	**127 587 088**	**103 286 653**
Financial instruments	128 292 715	94 506 997	109 424 326	91 866 123
Non-financial instruments	18 879 589	16 783 331	18 162 762	11 420 530
	147 172 304	**111 290 328**	**127 587 088**	**103 286 653**

Notes to the Consolidated Financial Statements

	Group		Company	
	2013	2012	**2013**	2012

19 Trade and other payables (continued)

Trade and other payables are unsecured, and are repayable within a period of twelve months. The carrying amounts of trade and other payables approximate their fair value, due to the short term nature of these financial statements.

20 Revenue

Sale of developed land	701 754	1 315 789	701 755	1 315 789
Rendering of services	20 760 948	22 401 680	2 014 379	5 478 102
Construction contracts	752 601 237	480 398 211	660 764 483	457 090 822
	774 063 939	**504 115 680**	**663 480 617**	**463 884 713**

21 Cost of sales

Sale of developed land				
Development of land	876 878	1 321 424	1 621 780	1 321 424
Rendering of services				
Townplanning and architecture	8 302 296	6 440 270	-	64 543
Construction contracts				
Construction costs	628 052 187	414 404 942	546 722 105	385 680 042
	637 231 361	**422 166 636**	**548 343 885**	**387 066 009**

22 Other income

Bond commissions	261 933	117 366	256 717	117 366
Management fees	3 044 387	2 203 854	12 178 917	18 474 625
Rental income	436 318	165 000	436 318	165 000
SETA refunds and other income	336 731	83 337	311 686	83 337
	4 079 369	**2 569 557**	**13 183 638**	**18 840 328**

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

23 Expense by nature

Administration and management fees	28 941 604	10 808 579	25 666 635	10 808 579
Advertising	1 686 387	574 168	1 651 690	378 497
Auditors remuneration	1 342 948	1 243 357	1 213 927	866 678
Bad debts	1 724 686	1 489 233	1 724 686	529 168
Commission paid	-	6 416 787	-	41 060
Computer expenses	1 242 390	884 168	1 242 390	884 168
Nett Construction costs	628 052 187	414 404 942	546 722 105	385 680 042
Construction costs	681 391 516	462 798 352	596 579 611	432 013 680
Movement in construction contracts	(53 339 329)	(48 393 410)	(49 857 506)	(46 333 638)
Deficit on disposal of property, plant and equipment	-	(2 960)	-	-
Depreciation on property, plant and equipment and amortisation on computer software	2 614 389	2 147 597	2 495 716	2 053 183
Donations	22 455	20 083	22 455	20 083
Fines, penalties and interest	415 492	779 717	415 492	497 203
Insurance	1 042 838	444 265	1 042 838	444 265
Land infrastructure costs	8 302 296	23 483	-	23 483
Nett Land development costs	876 878	1 321 424	1 621 780	1 321 424
Land development costs	(389 779)	2 663 622	(389 786)	4 095 926
Movement in inventory	1 266 657	(1 342 198)	2 011 566	(2 774 502)
Lease rentals on operating leases	4 191 448	2 344 023	3 992 580	2 023 904
Legal fees	610 582	827 716	610 583	825 017
Motor vehicle expenses	995 881	707 766	741 324	447 706
Printing and stationery	618 847	592 970	586 150	517 198
Professional fees	400 830	257 006	400 830	249 007
Salaries and wages	22 876 363	21 161 676	31 825 951	27 275 887
Share Appreciation Rights Expense	6 144 223	-	6 144 223	-
Sundry expenses	3 964 170	2 034 725	3 879 909	1 944 711
Social corporate responsibilities	-	56 200	-	56 200
Telephone and fax	1 133 482	1 284 495	675 650	657 872
Write-down of inventory	615 200	(759 571)	615 200	(759 571)
Write-down of prepayments	-	-	-	-
Total cost of sales, administration expenses and other expenses	**717 815 576**	**469 061 849**	**633 292 114**	**436 785 764**

Notes to the Consolidated Financial Statements

	Group		Company	
	2013	2012	**2013**	2012
24 Finance income				
Interest revenue				
Bank	294 398	105 527	293 088	104 970
Other	14 675	-	14 675	-
Related parties	38 883 085	22 397 175	41 482 921	24 648 475
	39 192 158	**22 502 702**	**41 790 684**	**24 753 446**
25 Finance cost				
Finance leases	106 864	160 067	106 864	160 067
Related parties	65 408	62 347	4 639 298	4 342 622
Trade payables	16	1 653	16	1 653
Interest bearing borrowings	22 821 598	12 382 213	22 821 239	12 382 143
Finance cost	**22 993 886**	**12 606 280**	**27 567 417**	**16 886 485**
Less: amounts capitalised on qualifying assets (inventory)	(1 143 545)	(892 503)	(1 143 545)	(2 324 806)
Less: amounts capitalised on qualifying assets (construction contracts)	(563 562)	(2 692 452)	(563 562)	(2 692 452)
	21 286 779	**9 021 325**	**25 860 310**	**11 869 227**
26 Taxation				
Major components of the income tax expense				
Current tax				
Local income tax - current period	16 542 525	2 795 934	10 784 382	-
	16 542 525	**2 795 934**	**10 784 382**	**-**
Deferred				
Current year	7 330 071	11 821 119	7 794 660	16 699 196
Prior year over provision	-	(173 628)	-	-
	7 330 071	**11 647 491**	**7 794 660**	**16 699 196**
	23 872 596	**14 443 425**	**18 579 042**	**16 699 196**
Reconciliation of income tax expense				
Applicable tax rate	28.00%	28.00%	28.00%	28.00%
Disallowable charges	2.52%	0.60%	3.33%	0.39%
Prior year over provision	-%	(0.34)%	-%	-%
Effective tax rate	**30.52%**	**28.26%**	**31.33%**	**28.39%**

The estimated tax loss for the group available for set off against future taxable income is R1,485,230 (2012: R1,006,739).

27 Cash generated from operations				
Profit before taxation	78 233 111	51 104 766	59 302 515	58 823 497
Adjustments for:				
Bad debts	1 724 686	1 489 233	1 724 686	529 168
Depreciation	2 464 876	2 062 247	2 346 204	1 967 836
Finance income	(39 192 158)	(22 502 702)	(41 790 684)	(24 753 446)
Finance cost	21 286 779	9 021 325	25 860 310	11 869 227
Write down of inventory	615 200	(759 571)	615 200	(759 571)
Amortisation of intangible assets	149 513	85 350	149 513	85 350
Changes in working capital:				
Inventories	1 795 002	309 875	2 539 911	309 864
Trade and other receivables	(39 815 656)	13 745 022	(47 779 028)	29 014 336
Construction contracts	(52 532 915)	(45 700 960)	(49 051 092)	(43 641 186)
Trade and other payables	78 830 239	61 471 403	74 017 018	33 590 794
	53 558 677	**70 325 989**	**27 934 553**	**67 035 869**
28 Tax paid				
Balance at beginning of the year	2 109 403	(6 128 989)	2 019 978	(2 152 277)
Current tax for the year	(16 542 525)	(2 795 934)	(10 784 382)	-
Balance at end of the year	560 932	(2 109 403)	410 988	(2 019 978)
	(13 872 190)	**(11 034 326)**	**(8 353 416)**	**(4 172 255)**

Notes to the Consolidated Financial Statements

	Group		Company	
	2013	2012	**2013**	2012
29 Commitments				
Operating leases – as lessor (income)				
Minimum lease payments due				
- within one year	228 000	701 064	228 000	701 064
	300 000	**701 064**	300 000	701 064
Operating leases – as lessee (expense)				
Minimum lease payments due				
- within one year	2 976 643	2 109 320	2 773 424	2 109 320
- in second to fifth year inclusive	11 058 428	431 395	10 897 048	431 395
	14 035 071	**2 540 715**	13 670 472	2 540 715

Operating lease payments represent rentals payable by the group for all of its office properties. Leases are negotiated for an average term of five years and rentals are fixed for an average of one year. No contingent rent is payable.

The insurance policy from SASRIA has been pledged as security for martgage bonds with Rand Merchant Bank Limited held in the name of Calgro M3 Land (Pty) Ltd (a fellow subsidiary).

30 Share-based payments

9,650,000 Share appreciation rights (SAR's) were granted to directors and selected employees. The grant date for the SAR's is tabled below The scheme is divided into two categories. The first category (4,850,000 SAR's) will vest after 2, 3 and 4 years in equal tranches from the grant date. The second category (4,800,000 SAR's) will vest after 3, 4, 5 and 6 years in equal tranches from the grant date. The rights will vest if the share price at each vesting date exceeds the hurdle price. The hurdle price is the strike (allocation) price grown by CPI plus 2% per year over the vesting period. In the situation that the hurdle price is not achieved at the vesting date, 25% of the possible vested SAR's will roll over to the next vesting date.

The details of the arrangement is described below:

		Category 2	
	Category 1	Group 1	Group 2
Date of grant	1 March 2012	1 March 2012	1 September 2012
Number of instruments granted	4 850 000	4 200 000	600 000
Strike price at grant date	R 4.08	R 4.08	R 4.08
Contractual life (Option life)	4 years	6 years	6 years
Vesting conditions	If the price at each vesting date exceeds the hurdle price.		
Settlement	Cash	Cash	Cash

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

Category 1

Vesting date	Portion vesting
28 February 2014	33.33%
28 February 2015	33.33%
28 February 2016	33.33%

Category 2

Vesting date		
Group 1	Group 2	Portion vesting
28 February 2015	31 August 2015	25.00%
28 February 2016	31 August 2016	25.00%
28 February 2017	31 August 2017	25.00%
28 February 2018	31 August 2018	25.00%

Out of the 9,650,000 outstanding SAR's, Nil SAR's (February 2012: Nil) were exercisable as at 28 February 2013.

For the purposes of the valuation, a hurdle rate was used to determine the price that is required to be reached for the SAR's to vest. The spot price on 28 February 2013 was R5.14. The strike price or allocation price is the price at which the SAR scheme is granted to the employee and is used to calculate the benefit payable to the employee. A 30 day average strike price, measured 30 days prior to the grant date was applied. The volatility used in the valuation was 49.09%.

The risk free interest rate indicates the rate of interest that can be earned without assuming any risks over a specified time period. The ZAR zero coupon swap curve as at the valuation date was used. See note 27 for the total expense recognised in the income statement for share options granted to directors and employees.

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

Expense				
Share Appreciation Rights Expense	6 144 223	-	6 144 223	-
Liability				
Share appreciation rights liabilities	6 144 223	-	6 144 223	-

Notes to the Consolidated Financial Statements

	Group		Company	
	2013	2012	**2013**	2012
31 Employee costs				
Salary and wages	74 802 240	43 308 167	65 244 673	42 500 774
Share option expense on cancellation of options granted to directors and employees	-	4 488 750	-	4 488 750
Salary and wages	**74 802 240**	**47 796 917**	**65 244 673**	**46 989 524**
Less: amounts allocated to qualifying assets (construction contracts)	(51 925 877)	(26 635 241)	(33 418 723)	(19 713 637)
Total employee costs	**22 876 363**	**21 161 676**	**31 825 951**	**27 275 887**

32 Related parties

The following entities are related parties of the company:

Holding company:

- Calgro M3 Holdings Limited

Direct subsidiaries:

- MS5 Projects (Pty) Ltd
- MS5 Pennyville (Pty) Ltd
- CM3 Randpark Ridge Ext 120 (Pty) Ltd
- Calgro M3 Rectification Company (Pty) Ltd

Indirect subsidiaries:

- PZR Pennyville Zamimphilo Relocations (Pty) Ltd

Fellow subsidiaries:

- Calgro M3 Land (Pty) Ltd
- Calgro M3 Project Management (Pty) Ltd
- CM3 Witkoppen Ext 131 (Pty) Ltd
- CM3 Hightrade-Invest 60 (Pty) Ltd
- Business Venture Investments No 1221 (Pty) Ltd
- Business Venture Investments No 1244 (Pty) Ltd
- CTE Consulting (Pty) Ltd
- Ridgewood Estate (Pty) Ltd
- Tres Jolie Ext 24 (Pty) Ltd
- Belhar Calgro M3 Development Company (Pty) Ltd
  (Previously known as PZR Fleurhof (Pty) Ltd)

Directors of holding company:

- BP Malherbe - Executive
- WJ Lategan - Executive
- FJ Steyn - Executive
- DN Steyn - Executive

Directors and senior management of subsidiaries:

- HB Malherbe
- B Blieden
- WP Steenkamp
- CC Cornelissen

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

Joint ventures of holding company:

- Fleurhof Ext 2 (Pty) Ltd
- Aquarella Investments 265 (Pty) Ltd
- Clidet No 1014 (Pty) Ltd
- Sabre Homes Projects (Pty) Ltd
- Witpoortjie Calgro M3 Development Company (Pty) Ltd

Related party balances

Loans to group companies				
Calgro M3 Holdings Limited	279 855 255	203 404 380	279 855 254	203 404 380
CTE Consulting (Pty) Ltd	2 409	3 464 633	-	3 462 488
MS5 Pennyville (Pty) Ltd	-	-	23 734 290	20 698 177
	279 857 663	**206 869 013**	**303 589 544**	**227 565 045**
Loans (from) group companies				
CTE Consulting (Pty) Ltd	(304 701)	(554 555)	(304 701)	-
CM3 Randpark Ridge Ext 120 (Pty) Ltd	-	-	(3 968 301)	(2 741 918)
MS5 Projects (Pty) Ltd	-	-	(23 557 500)	(4 999 660)
PZR Pennyville Zamimphilo Relocation (Pty) Ltd	-	-	(21 445 363)	(20 611 904)
	(304 701)	**(554 555)**	**(49 275 865)**	**(28 353 482)**
Loans to joint ventures				
Fleurhof Ext 2 (Pty) Ltd	-	10 000 000	-	10 000 000
Aquarella Investments 265 (Pty) Ltd	-	6 250 000	-	6 250 000
Sabre Homes Projects (Pty) Ltd	-	809	-	809
Clidet No 1014 (Pty) Ltd	4 523 763	-	4 523 763	-
	4 523 763	**16 250 809**	**4 523 763**	**16 250 809**
Receivables from related parties				
Fleurhof Ext 2 (Pty) Ltd	16 986 804	7 817 825	16 986 804	7 817 825
Aquarella Investments 265 (Pty) Ltd	15 112 451	466 712	15 112 451	466 712
Sabre Homes Projects (Pty) Ltd	740 694	85 825	740 694	35 319
	32 839 949	**8 370 362**	**32 839 949**	**8 319 856**

Notes to the Consolidated Financial Statements

	Group		Company	
	2013	2012	**2013**	2012
32 Related parties (continued)				
Related party transactions				
Interest received from related parties				
MS5 Projects (Pty) Ltd	-	-	-	(87 577)
MS5 Pennyville (Pty) Ltd	-	-	(2 602 993)	(2 160 267)
CTE Consulting (Pty) Ltd	(306 449)	(596 958)	(303 292)	(596 834)
Calgro M3 Holdings Limited	(34 119 951)	(21 802 403)	(34 119 951)	(21 802 403)
CM3 Randpark Ridge Ext 120 (Pty) Ltd	-	-	-	(3 581)
Fleurhof Ext 2 (Pty) Ltd	(503 814)	95 631	(503 814)	95 631
Aquarella Investments 265 (Pty) Ltd	(3 670 180)	-	(3 670 180)	-
Sabre Homes Projects (Pty) Ltd	(20)	(93 444)	(20)	(93 444)
Clidet No 1014 (Pty) Ltd	(282 671)	-	(282 671)	-
	(38 883 085)	**(22 397 175)**	**(41 482 921)**	**(24 648 475)**
Interest paid to related parties				
CTE Consulting (Pty) Ltd	65 408	62 347	-	-
PZR Pennyville Zamimphilo Relocation (Pty) Ltd	-	-	2 720 609	4 163 397
MS5 Projects (Pty) Ltd	-	-	1 546 311	110 180
CM3 Randpark Ridge Ext 120 (Pty) Ltd	-	-	372 378	69 045
	65 408	**62 347**	**4 639 298**	**4 342 622**
Construction fees received from related parties				
PZR Pennyville Zamimphilo Relocation (Pty) Ltd	-	-	-	(7 192 549)
Fleurhof Ext 2 (Pty) Ltd	(182 346 727)	(164 949 302)	(182 346 727)	(164 949 302)
Aquarella Investments (Pty) Ltd	(110 743 613)	(105 618 712)	(110 743 613)	(105 618 712)
Clidet No 1014 (Pty) Ltd	(5 000)	(47 030)	(5 000)	(47 030)
Sabre Homes Projects (Pty) Ltd	(98 022 142)	(17 057 190)	(21 547 380)	(3 337 001)
MS5 Projects (Pty) Ltd	-	-	-	-
	(391 117 481)	**(287 672 234)**	**(314 642 720)**	**(281 144 594)**
Rendering of services from related parties				
Fleurhof Ext 2 (Pty) Ltd	(3 265 785)	(6 847 575)	1 071 490	295 924
Sabre Homes Projects (Pty) Ltd	(8 030 760)	(7 470 240)	-	(1 968 314)
Aquarella Investments (Pty) Ltd	-	(7 921 181)	(2 596 582)	(3 650 068)
	(11 296 545)	**(22 238 996)**	**(1 525 092)**	**(5 322 458)**
Management fees received from related parties				
MS5 Projects (Pty) Ltd	-	-	(11 932 488)	(7 189 086)
PZR Pennyville Zamimphilo Relocation (Pty) Ltd	-	-	-	(9 081 685)
CTE Consulting (Pty) Ltd	(3 044 387)	(2 203 854)	(3 044 387)	(2 203 854)
	(3 044 387)	**(2 203 854)**	**(14 976 875)**	**(18 474 625)**
Commission fees paid to related parties				
MS5 Projects (Pty) Ltd	-	-	9 796 667	7 092 348
	-	**-**	**9 796 667**	**7 092 348**
Management fees to related parties				
Calgro M3 Land (Pty) Ltd	22 806 635	7 908 579	22 806 635	7 908 579
	22 806 635	**7 908 579**	**22 806 635**	**7 908 579**
Rendering of services to related parties				
CTE Consulting (Pty) Ltd	2 410 850	-	2 410 850	-
	2 410 850	**-**	**2 410 850**	**-**
Compensation paid to key employees and personnel				
Short term employee benefits	14 915 344	21 919 144	14 915 344	21 949 444
	14 915 344	21 919 144	**14 915 344**	21 949 444

33 Contingent assets and liabilities

There are no contingent assets or liabilities in the current year.

Notes to the Consolidated Financial Statements

34 Directors' emoluments

The directors' emoluments for the year under review is as follows

	Remuneration and other benefits			Pension	
Group - 2013	**Salary as a director**	**Expence allowance**	**Performance bonus**	**On behalf of the director to a pension scheme**	**Total**
Executive directors					
BP Malherbe					
For services rendered in connection with the carrying on of affairs of the business within the same group of companies, associates and joint ventures	1 315 085	96 000	918 553	2 000	**2 331 638**
WJ Lategan					
For services rendered in connection with the carrying on of affairs of the business within the same group of companies, associates and joint ventures	1 595 489	144 000	918 553	79 774	**2 737 816**
FJ Steyn					
For services rendered in connection with the carrying on of affairs of the business within the same group of companies, associates and joint ventures	1 644 350	144 000	944 450	82 218	**2 815 018**
DN Steyn					
For services rendered in connection with the carrying on of affairs of the business within the same group of companies, associates and joint ventures	1 645 869	144 000	905 609	3 000	**2 698 478**
	4 885 708	**432 000**	**2 768 612**	**164 992**	**8 251 312**
Group - 2012					
Executive directors					
WJ Lategan					
For services rendered in connection with the carrying on of affairs of the business within the same group of companies, and joint ventures	1 451 010	144 000	2 272 375	72 058	**3 939 443**
FJ Steyn					
For services rendered in connection with the carrying on of affairs of the business within the same group of companies, and joint ventures	1 473 928	144 000	2 294 250	73 013	**3 985 191**
DN Steyn					
For services rendered in connection with the carrying on of affairs of the business within the same group of companies, and joint ventures	1 520 573	144 000	2 272 375	3 000	**3 939 948**
	4 445 511	**432 000**	**6 839 000**	**148 071**	**11 864 582**
Company - 2013					
Executive directors					
BP Malherbe					
For services rendered in connection with the carrying on of affairs of the business within the same group of companies, associates and joint ventures	1 315 085	96 000	918 553	2 000	**2 331 638**
WJ Lategan					
For services rendered in connection with the carrying on of affairs of the business within the same group of companies, associates and joint ventures	1 595 489	144 000	918 553	79 774	**2 737 816**
FJ Steyn					
For services rendered in connection with the carrying on of affairs of the business within the same group of companies, and joint ventures	1 644 350	144 000	944 450	82 218	**2 815 018**
DN Steyn					
For services rendered in connection with the carrying on of affairs of the business within the same group of companies, and joint ventures	1 645 869	144 000	905 609	3 000	**2 698 478**
	4 885 708	**432 000**	**2 768 612**	**164 992**	**8 251 312**

Notes to the Consolidated Financial Statements

34 Directors' emoluments (continued)

	Remuneration and other benefits			Pension	
Company - 2012	Salary as a director	Expence allowance	Performance bonus	On behalf of the director to a pension scheme	Total
WJ Lategan					
For services rendered in connection with the carrying on of affairs of the business within the same group of companies, and joint ventures	1 451 010	144 000	2 272 375	72 058	**3 939 443**
FJ Steyn					
For services rendered in connection with the carrying on of affairs of the business within the same group of companies, and joint ventures	1 473 928	144 000	2 294 250	73 013	**3 985 191**
DN Steyn					
For services rendered in connection with the carrying on of affairs of the business within the same group of companies, and joint ventures	1 520 573	144 000	2 272 375	3 000	**3 939 948**
	4 445 511	**432 000**	**6 839 000**	**148 071**	**11 864 582**

The prescribed officers' appointment, terms of contract and remuneration for the year under review is as follows:

	Date appointed	Contract expiry
Prescribed officer 1	05/08/2005	1 month notice
Prescribed officer 2	26/11/2007	1 month notice
Prescribed officer 3	01/03/2012	1 month notice
Prescribed officer 4	05/08/2005	1 month notice

	Short term employee benefits		
	Remuneration and benefits received	On behalf of the prescribed officer to a pension scheme	Total remuneration/ benefits
2013 - Group			
Prescribed officer 1			
Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	1 339 666	47 004	**1 386 670**
Prescribed officer 2			
Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	1 562 261	54 610	**1 616 872**
Prescribed officer 3			
Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	928 673	33 129	**961 802**
Prescribed officer 4			
Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	2 620 152	78 536	**2 698 689**
	6 450 752	**213 280**	**6 664 032**
2012 - Group			
Prescribed officer 1			
Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	1 465 431	38 105	**1 503 536**
Prescribed officer 2			
Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	660 467	11 673	**672 140**
Prescribed officer 3			
Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	-	-	-
Prescribed officer 4			
Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	3 867 385	72 058	**3 939 443**
	2 125 898	**49 778**	**2 175 676**

Notes to the Consolidated Financial Statements

34 Directors' emoluments (continued)

Prescribed officer's (continued)

	Short term employee benefits		
	Remuneration and benefits received	On behalf of the prescribed officer to a pension scheme	Total remuneration/ benefits
2013 - Company			
Prescribed officer 1			
Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	1 339 666	47 004	**1 386 670**
Prescribed officer 2			
Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	1 562 261	54 610	**1 616 872**
Prescribed officer 3			
Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	928 673	33 129	**961 802**
	3 830 600	**134 744**	**3 965 343**
2012 - Company			
Prescribed officer 1			
Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	1 465 431	38 105	**1 503 536**
Prescribed officer 2			
Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	660 467	11 673	**672 140**
Prescribed officer 3			
Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	-	-	-
	2 125 898	**49 778**	**2 175 676**

Group

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

	Number of SAR's granted		Value of SAR's granted	
	2013	2012	2013	2012
Directors				
BP Malherbe	750 000	-	561 235	-
WJ Lategan	2 000 000	-	1 496 626	-
FJ Steyn	750 000	-	561 235	-
DN Steyn	750 000	-	561 235	-
	4 250 000	-	**3 180 331**	-
Prescribed Officers				
Prescribed officer 1	600 000	-	377 170	-
Prescribed officer 2	600 000	-	377 170	-
Prescribed officer 3	600 000	-	377 170	-
Prescribed officer 4	600 000	-	448 988	-
	2 400 000	-	**1 580 498**	-

Company

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

	Number of SAR's granted		Value of SAR's granted	
	2013	2012	2013	2012
Directors				
BP Malherbe	750 000	-	561 235	-
WJ Lategan	2 000 000	-	1 496 626	-
FJ Steyn	750 000	-	561 235	-
DN Steyn	750 000	-	561 235	-
	4 250 000	-	**3 180 331**	-
Prescribed Officers				
Prescribed officer 1	600 000	-	377 170	-
Prescribed officer 2	600 000	-	377 170	-
Prescribed officer 3	600 000	-	377 170	-
	1 800 000	-	**1 131 510**	-

Notes to the Consolidated Financial Statements

35 Financial assets by category

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

Group - 2013

	Loans and receivables	Total
Loans and receivables	10 280 440	10 280 440
Trade and other receivables	34 609 782	34 609 782
Cash and cash equivalents	108 590 854	108 590 854
Loans to group companies	279 857 663	279 857 663
	433 338 739	**433 338 739**

Group - 2012

	Loans and receivables	Total
Loans and receivables	22 007 486	22 007 486
Trade and other receivables	13 612 292	13 612 292
Cash and cash equivalents	75 530 531	75 530 531
Loans to group companies	206 869 013	206 869 013
	318 019 322	**318 019 322**

Company - 2013

	Loans and receivables	Total
Loans to group companies	303 589 544	303 589 544
Trade and other receivables	34 403 489	34 403 489
Cash and cash equivalents	108 506 628	108 506 628
Loans receivable	10 280 440	10 280 440
	456 780 101	**456 780 101**

Company - 2012

	Loans and receivables	Total
Loans to group companies	227 565 045	227 565 045
Trade and other receivables	13 531 255	13 531 255
Cash and cash equivalents	75 171 137	75 171 137
Loans receivable	22 007 486	22 007 486
	338 274 923	**338 274 923**

36 Financial liabilities by category

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

Group - 2013

	Financial liabilities at amortised cost	Total
Borrowings	221 000 000	221 000 000
Finance Lease obligations	726 470	726 470
Trade and other payables	128 292 715	128 292 715
Loans from group companies	304 701	304 701
	350 323 886	**350 323 886**

Group - 2012

	Financial liabilities at amortised cost	Total
Borrowings	147 221 371	147 221 371
Finance Lease obligations	1 706 608	1 706 608
Trade and other payables	94 506 997	94 506 997
Loans from group companies	554 555	554 555
	243 989 531	**243 989 531**

Notes to the Consolidated Financial Statements

36 Financial liabilities by category (continued)

Company - 2013

	Financial liabilities at amortised cost	Total
Borrowings	221 000 000	221 000 000
Finance Lease obligations	726 470	726 470
Loans from group companies	49 275 865	49 275 865
Trade and other payables	109 424 326	109 424 326
	380 426 661	**380 426 661**

Company - 2012

	Financial liabilities at amortised cost	Total
Borrowings	147 221 371	147 221 371
Finance Lease obligations	1 706 608	1 706 608
Loans from group companies	28 353 482	28 353 482
Trade and other payables	91 866 123	91 866 123
	269 147 584	**269 147 584**

37 Segment reporting

The executive committee is the group's chief operating decision maker.

Management has determined the operating sements based on the reports reviewed by the executive committee for the purpose of making strategic decisions.

At 28 February 2013, the group is organised on a national basis into one main operating segment:
- construction and land development of residential housing with a wide range of variety

The group's products consist of mid to high income housing as well as integrated developments. Integrated developments comprise affordable housing, social / GAP housing as well as RDP/BNG housing. The operation of the three operating segments span the entire product range.

The customer base includes the government, financial institutions and the general public.

As the group consists of only one segment namely construction and land development. The information in the statement of comprehensive income and statement of financial position as listed below are provided to the executive committee:

Statement of comprehensive income
Revenue
Operating profit/ (loss)
Finance costs

Statement of financial position
Goodwill
Inventories
Construction contracts
Borrowings

38 Going concern

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

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

39 Events after the reporting period

The directors are not aware of any matter or circumstances arising since the end of the financial year that warrants disclosure.