CALGRO M3 HOLDINGS

AUDITED ABRIDGED RESULTS FOR THE YEAR ENDED 29 FEBRUARY 2012

Calgro M3 Holdings Limited • (Incorporated in the Republic of South Africa)
(Registration number: 2005/027663/06) • Share code: CGR • ISIN: ZAE000109203
("Calgro M3" or "the Company" or "the Group")

- Revenue ↑ **82.69%** to R515 million
- Headline earnings ↑ **282%** to R65.4 million
- Cash on hand of **R103 million**
- Property fair value **R1.385 billion** vs. cost of **R506 million**
- Construction pipeline of **R8 billion**
- Transferred to the main board of the JSE Limited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Audited Year ended 29 February 2012	Audited Year ended 28 February 2011
Revenue	**514 913**	281 849
Cost of sales	**(435 398)**	(246 825)
Gross profit	**79 515**	35 024
Other income	**567**	4 153
Other expenses	**(284)**	(9 309)
Administrative expenses	**(36 579)**	(30 239)
Operating profit/(loss)	**43 219**	(371)
Share of profit/(loss) of joint ventures (net of tax)	**34 326**	16 343
Net finance income/(cost)	**391**	(661)
Profit before taxation	**77 936**	15 311
Taxation	**(12 556)**	1 644
Profit after taxation	**65 380**	16 955
Attributable to:		
Equity holders of the Company	**65 380**	16 955
Minority interest	**–**	–
Earnings per share – cents	**51.44**	13.34
Headline earnings per share – cents	**51.44**	13.48
Fully diluted earnings per share – cents	**51.44**	13.34
Fully diluted headline earnings per share – cents	**51.44**	13.48

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Audited Year ended 29 February 2012	Audited Year ended 28 February 2011
Net cash from operating activities	**39 276**	24 266
Net cash (utilised)/from investing activities	**(16 243)**	9 137
Net cash from/(utilised) financing activities	**69 745**	(11 287)
Net (decrease)/increase in cash and cash equivalents and bank overdraft	**92 778**	22 116
Cash and cash equivalents and bank overdraft at the beginning of the year	**10 913**	(11 203)
Cash and cash equivalents and bank overdraft at the end of the year	**103 691**	10 913

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Audited Year ended 29 February 2012	Audited Year ended 28 February 2011
ASSETS		
Non-current assets	**116 100**	82 156
Property, plant and equipment	**3 878**	4 765
Deferred tax	**12 889**	11 624
Other non-current assets	**99 333**	65 767
Current assets	**479 784**	311 266
Inventories	**249 306**	234 945
Construction contracts and work in progress	**87 514**	40 646
Trade and other receivables	**15 827**	14 602
Other current assets	**23 446**	6 119
Cash and cash equivalents	**103 691**	14 954
Total assets	**595 884**	393 422
EQUITY AND LIABILITIES		
Equity		
Capital and reserves	**236 054**	170 674
Total equity	**236 054**	170 674
Non-current liabilities	**19 560**	13 176
Deferred tax	**19 315**	9 496
Other non-current liabilities	**245**	3 680
Current liabilities	**340 270**	209 572
Borrowings	**225 111**	154 262
Other current liabilities	**115 159**	51 269
Bank overdraft	**–**	4 041
Total liabilities	**359 830**	222 748
Total equity and liabilities	**595 884**	393 422
Net asset value per share – cents	**185.7**	134.4

EARNINGS RECONCILIATION

R'000	Audited Year ended 29 February 2012	Audited Year ended 28 February 2011
Determination of headline and diluted headline earnings		
Attributable profit	**65 380**	16 955
(Loss)/profit on disposal of property	**(3)**	179
Headline and diluted headline earnings	**65 377**	17 134
Determination of earnings and diluted earnings		
Attributable profit	**65 380**	16 955
Earnings and diluted earnings	**65 380**	16 955
Number of ordinary shares ('000)	**127 100**	127 100
Weighted average shares ('000)	**127 100**	127 100
Fully diluted weighted average shares ('000)	**127 100**	127 100

CONDENSED SEGMENT REPORT FOR THE GROUP

(Figures in rands)	Construction	Land development	Professional services	Total
February 2012				
Segment revenue	**508 370**	**3 732**	**5 635**	**517 737**
Inter-segment revenue	**–**	**–**	**(2 824)**	**(2 824)**
Revenue from external customers	**508 370**	**3 732**	**2 811**	**514 913**
Operating (loss)/profit	**46 804**	**(3 945)**	**2 131**	**44 990**
Finance cost	**(1 463)**	**–**	**–**	**(1 463)**
Assets				
Goodwill	**28 515**	**–**	**4 155**	**32 670**
Inventories	**22 130**	**227 175**	**–**	**249 305**
Construction contracts	**85 459**	**–**	**–**	**85 459**
Liabilities				
Borrowings	**(147 221)**	**(77 890)**	**–**	**(225 111)**
February 2011				
Segment revenue	239 890	37 329	4 630	281 849
Inter-segment revenue	–	–	–	–
Revenue from external customers	239 890	37 329	4 630	281 849
Profit on sale of investment	–	–	–	–
Operating (loss)/profit	2 053	(1 766)	394	681
Finance cost	(862)	(1 165)	–	(2 027)
Assets				
Goodwill	28 515	–	4 155	32 670
Inventories	20 213	214 733	–	234 946
Construction contracts	39 614	–	1 032	40 646
Liabilities				
Borrowings	(62 369)	(91 893)	–	(154 262)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Figures in Rands)	Share capital	Share premium	Share-base payment reserve	Retained income	Non-controlling interest	Total equity
Balance at 1 March 2010	1 271	96 020 450	–	57 696 796	–	153 718 517
Profit for the period	–	–	–	16 955 441	–	16 955 441
Balance at 1 March 2011	1 271	96 020 450	–	74 652 237	–	170 673 958
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)
Profit for the period	–	–	–	65 380 048	–	65 380 048
Balance at 29 February 2012	**1 271**	**96 020 450**	**–**	**140 032 285**	**–**	**236 054 006**

COMMENTARY

INTRODUCTION

The directors present the audited condensed consolidated financial results for the year ended 29 February 2012 ("the year"), which reflects a recovering integrated residential market segment.

During the year under review Calgro M3 has again grown and further established itself as the leader in the integrated residential market segment. With new projects coming on line the risk profile of the Group reduced with the spread of its funding exposure over more projects and with different financial institutions, together with the extension of its operations to two other provinces (the Western Cape and Free State).

The Group benefited from established relationships with funding partners and clients during the year, and leveraged these relationships to grow the business. Calgro M3 has managed to increase its secured pipeline of projects to R8 billion from the reported pipeline of R5 billion a year ago, at the same time containing risk and managing resources.

FINANCIAL RESULTS

The Group has reported an increase in revenue of 82.69% from R282 million to R515 million and gross profit margin increase of 3.02% in comparison to the previous financial year. The Group's joint venture projects earned total revenues of R414 million. As expected the Fleurhof, Jabulani CBD, Jabulani Hostel Redevelopment, Brandwag and Jukskei View projects all contributed towards revenue. The contribution by the Scottsdene project in the Western Cape, although small, was a welcome surprise as expectations were that a venture into a new province would take longer to contribute.

With a 409.0% increase in profit before tax, the Group increased earnings by 285.6% from R16.9 million to R65.4 million. Overall operating margins increased due to our continuous focus on the containment of costs. Despite the 82.7% increase in revenue, operating overheads increased by a modest 21.0%. This increase can be attributed to existing capacity that was utilised to support growth. The Group foresees that overheads will further increase in the next two years to accommodate growth.

Cash on hand is at a healthy level of R103 million (2011: R11 million) due to the conversion of profits into cash and additional working capital raised. This enabled the Group to provide bridging finance to projects to expedite their development. Cash generated by operations grew to R69.8 million from R53.3 million (31% increase).

As the Group's business cycle is longer than one year, all debt is reflected as current, to better match operating assets and operating liabilities.The external valuation of all properties in the Group (including joint ventures) equate to R1.385 billion when compared with a R506 million book value – this is primarily as a result of purchasing unzoned land and completing the zoning process together with the installation of bulk infrastructure onto these projects.

Management's challenge will be to continue to grow the pipeline beyond the next six years while containing the increases in overheads in order for the full benefits of growth to be realised.

The return on average shareholders' funds/equity has grown from 10.45% in 2011 to a healthy level of 32.14 % for 2012.

OPERATIONAL REVIEW

After almost five years of listing on the AltX, the Group's move to the main board signalled another milestone in its development and growth path.

Renewed government commitments to infrastructural spend remains a positive influence on the delivery of integrated housing as the success of these projects is based on private public partnerships. Continued budget constraints within local governments, for the roll-out of subsidised units, has however, resulted in the subsidised component of these projects falling behind in comparison to the open market segment of the projects. These budget constraints and the limited availability of development finance for new projects require private sector players to inject more and more equity into projects, thereby raising the entry level for new players into this market segment, to an unnaturally high level.

The Group's venture into the Western Cape was not as trying as expected and operations came on line earlier than initially planned. This was made possible by a strong administration system and logistics capability created during the Group's previous venture into the Free State Province. The installation of the infrastructure on the Scottsdene project is progressing well and the construction of units on the Elsies Rivier project neared completion towards the end of the year under review.

As a result of building in-house construction capacity over the last few years and the success currently experienced with regard to construction quality, the Group will continue to make use of in-house capacity in the short-term in order to ensure on time delivery of completed units at the highest level of quality.

The lower segment of the residential market again proved to be stronger than the higher segment of the market. The challenge for the Group this year will be to provide itself with more serviced stands at a pace dictated by market demand rather than the ability to raise development finance.

As expected the mid-to-high income housing segment of the market did not recover to the levels of 2007 and as a result the projects acquired for this market segment have not contributed to revenue or gross margins during the year. The Group will therefore continue to "landbank" these properties while attempting to reduce Calgro M3's exposure to the financial institutions on these properties.

SAFETY, HEALTH & ENVIRONMENT ("SHE")

The board is pleased to report on the Group's exceptional SHE track record. Despite the dramatic increase in the number of employees on construction sites, the Group was again not only fatality-free, but also free of any serious injuries in the workplace. This reflects the Group's on-going and absolute commitment to ensuring the Group sustains its target of zero harm.

BOARD OF DIRECTORS

The Group was able to retain the services of all executive directors but saw a change in non-executive directors with the appointment of Dr Mdu Gama as independent non-executive director, the resignation of Rob Wesselo as non-executive director and the appointment of Ralph Patmore as lead independent non-executive director. This was necessitated in order to comply with the requirements of the new Companies Act and King III.

PROSPECTS

The secured pipeline of integrated development projects will allow Calgro M3, in line with its evolving public private partnership policy, to assist government in its endeavour to eradicate the housing shortage. With the Group's undertaking to venture into new provinces once operations in Gauteng have stabilised, the Company can now report that it is currently targeting the Free State and Western Cape provinces with fully operational offices in these provinces. The Group recognises the immense opportunity in other provinces and will again ensure controlled growth by venturing into new provinces only once operations in the provinces in which the Group currently does business are fully operational and self-sustaining.

The above prospects statements have not been reviewed or reported on by the Company's auditors.

APPRECIATION

The Group's venture into the lower segment of the residential market is starting to bear fruit. The turnaround experienced in the last two years would not have been possible without the support and dedication of the senior executive team, senior management and loyal staff. The board would like to thank every Calgro M3 employee, whose continuous commitment and dedication, contributed towards the success of Calgro M3.

The board would also like to thank all its other stakeholders, particularly its financial and development partners and government for their continued and loyal support.

NOTES

1. Basis of preparation

These consolidated condensed financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) on Interim Financial Reporting (IAS34), the South African Companies Act and the Listings Requirements of the JSE Limited. The accounting policies are consistent with those used in the annual financial statements for the year ended 28 February 2011. The financial statements have been prepared by the financial director, Mr WJ Lategan CA(SA) and were approved by the board on 10 May 2012.

2. Independent audit

These consolidated condensed financial statements have been audited by our auditors PricewaterhouseCoopers Inc., who have performed the audit in accordance with the International Standards on Auditing. A copy of the unqualified audit report and audited financial statements is available for inspection at the registered office of the Company.

3. Dividends

No dividends have been declared for the financial year.

BP Malherbe (Chief executive officer)

WJ Lategan (Financial Director)

Johannesburg

10 May 2012

Directors
PF Radebe (Chairperson)*, BP Malherbe (Chief executive officer), WJ Lategan (Financial Director), ME Gama*#, JB Gibbon*#, H Ntene*, R Patmore*# DN Steyn, FJ Steyn, RN Wesselo*
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Sponsor
Grindrod Bank Limited

Auditors
PricewaterhouseCoopers Inc.

www.calgrom3.com