

FINANCIAL RESULTS

When compared with the previous financial year, the Group's revenue increased by 55.05% from R514 million to R798 million while the gross profit margin increased from 15.44% to 18.53%.

Operating profit increased 106.79% due to the increase in Group revenue and effective cost containment. Profit before tax increased by 50.43% due to challenges experienced on JV projects resulting in lower profit contribution from them (these issues were resolved by year end). A higher tax rate resulted in a 39.65% increase in profit after tax.

Cash on hand is at a healthy R198 million (2012: R103 million). Cash generated from operations decreased from R69.8 million in 2012 to R49.4 million for the period under review. This was as a result of longer term construction time frames, on bigger than previous bulk deals. Another contributing factor was the upfront investments in projects (included in construction contracts) where professional fees and services on projects were installed prior to top structure construction (Scottsdale – R 29 million and La Vie Nouvelle - R 13 million). Taking the stressed economic environment into account management is focused on the continual proactive monitoring of capital and more specifically, cash liquidity.

As at year-end the Group held in excess of 40% of its total liabilities in cash. Listed bonds to the value R 40 million were repaid and R 126 million was raised.

An inventory write-down of R 5 146 385 to net releasable value was charged to the statement of comprehensive income during the financial year on the Mabopane project.

OPERATIONAL REVIEW

In line with the National Development plan, government's commitment to infra-structural spend remains a positive influence on the delivery of integrated housing as the success of these projects is based on private/public partnerships. With the public and private sector both actively involved in the provision of housing, the Group was able to partner both sector role-players, and refine the integrated model by optimising the product offering to the benefit of the communities residing in the projects.

The year was however not without its challenges. Labour unrest in the Western Cape Province made it difficult to operate at full capacity during the top structure construction phase of the project, thereby affecting both revenue and profitability. Although labour action and transport strikes now form part of the South African trading environment, the violent nature of intimidation on these strikes caused the project to be delayed beyond expectations.

On the back of construction capacity, build-up during the last few years, and the success experience with regards to construction quality, the Group continued to make use of in-house capacity in order to ensure quality is maintained at the highest level, and will look at making use of external contractors only to complement capacity if and when needed.

The Group further commenced the installation of services on the La Vie Nouvelle project, aimed at the mid to high segment of the market, to be launched in the new financial year. The group will continue to "landbank" the balance of properties while attempting to reduce its exposure to financial institutions, and monitor the recovery of the market.

Statements contained in this abridged results announcement regarding the prospects of the Group have not been reviewed or reported on by the Company's auditors.

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 not only fatality-free again, but also free of any serious injuries in the workplace again. This reflects the Group's on-going and absolute commitment to ensuring that the Group maintains its zero harm target achievements.

BOARD OF DIRECTORS

Rob Wesselo resigned as non-executive director during May 2012 due to a conflict of interest. The Group was able to retain the services of all executive and other non-executive directors. In order to comply with the requirements of the new Companies Act and King III, the role of financial director and company secretary was split post year-end. Wayne Williams was appointed as company secretary effective 1 April 2013.

ANNUAL REPORT AND NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders will be held on 25 June 2013 at the main boardroom, Calgro M3, Ballywoods Office Park, Cedarwood, 33 Ballyclare Drive, Bryanston, to transact business as stated in the notice of the Annual General Meeting posted to shareholders as detailed above.

The annual report containing notice of the annual general meeting will be posted to shareholders on or about 30 May 2013.

APPRECIATION

The positive turnaround experienced in the last two years would not have been possible without the support and dedication of our loyal staff, senior management and executive team. We would like to thank every Calgro M3 employee, whose continuous commitment and enthusiasm has contributed towards the success of Calgro M3.

The board would also like to thank all 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, SAICA financial reporting guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, IAS 34, 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 29 February 2012. The financial statements have been prepared by Mr WA Joubert (CA)SA under supervision of Mr WJ Lategan CA(SA), and were approved by the board on 7 May 2013.

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

Cash will be retained to fund growth in the absence of readily available development finance. The board of directors has therefore resolved not to declare a dividend for this reporting period.

BP Malherbe
(Chief executive officer)

WJ Lategan
(Financial Director)

Johannesburg

7 May 2013

Directors:

PF Radebe (Chairperson) *, BP Malherbe (Chief executive officer), WJ Lategan (Financial Director), FJ Steyn, DN Steyn, JB Gibbon*#, H Ntene*, R Patmore*#, ME Gama*#
(*Non-executive)
(# Independent)

Registered office:

Cedarwood House, Ballywoods Office Park, 33 Ballyclare Drive, Bryanston 2196. (Private Bag X33, Craighall 2024)

Transfer secretaries:

Computershare Investor Services (Pty) Ltd
70 Marshall Street, Johannesburg 2001
(PO Box 61051, Marshalltown 2107)

Sponsor:

Grindrod Bank Limited

Auditors:

PricewaterhouseCoopers Inc.

www.calgrom3.com