UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2012

CALGRO M3
HOLDINGS

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 Group" or "the Company")

• Revenue ↑ 91.7% to R400.7 million • Operating profit ↑ 147.4% to R42.5 million
• Headline earnings ↑ 85.7% to 31.63 cents • Net asset value per share up 17% to 217.35 cents
• Project Pipeline maintained in excess of R8 billion

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Unaudited Six months ended 31 Aug 2012	Unaudited Six months ended 31 Aug 2011
Revenue	**400 669**	208 987
Cost of sales	**(332 379)**	(173 911)
Gross profit	**68 290**	35 076
Net administrative expenses	**(25 771)**	(17 887)
Operating profit	**42 519**	17 189
Net finance (cost) / income	**(1 581)**	386
Share of profit of joint ventures - net of tax	**12 434**	9 390
Profit before taxation	**53 372**	26 965
Taxation	**(13 176)**	(5 315)
Profit after taxation	**40 196**	21 650
Total comprehensive income	**40 196**	21 650
Profit attributable to:		
Owners of the Company	**40 196**	21 650
Earnings per share - cents	**31.63**	17.03
Headline earnings per share - cents	**31.63**	17.03

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Unaudited 31 Aug 2012	Audited 29 Feb 2012
ASSETS		
Non-current assets		
Property, plant and equipment	**5 161**	3 878
Deferred tax	**13 221**	12 889
Other non-current assets	**116 048**	99 333
	134 430	116 100
Current assets		
Inventories	**265 603**	249 306
Construction contracts and work in progress	**68 939**	87 514
Trade and other receivables	**30 813**	15 827
Other current assets	**35 899**	23 446
Cash and cash equivalents	**152 997**	103 691
	554 251	479 784
Total assets	**688 681**	595 884
EQUITY AND LIABILITIES		
Equity		
Capital and reserves	**276 251**	236 054
Total equity	**276 251**	236 054
Non-current liabilities		
Deferred income tax liability	**18 601**	19 315
Other non-current liabilities	**-**	245
	18 601	19 560
Current liabilities		
Current borrowings	**268 768**	225 111
Other current liabilities	**125 061**	115 159
	393 829	340 270
Total liabilities	**412 430**	359 830
Total equity and liabilities	**688 681**	595 884
Net asset value per share - cents	**217.35**	185.72

EARNINGS RECONCILIATION

R'000	Unaudited Six months ended 31 Aug 2012	Unaudited Six months ended 31 Aug 2011
Determination of headline earnings		
Attributable profit	**40 196**	21 650
Headline earings	**40 196**	21 650
Determination of diluted earnings		
Attributable profit	**40 196**	21 650
Diluted earnings	**40 196**	21 650
Number of ordinary shares	**127 100**	127 100
Weighted average number of shares	**127 100**	127 100

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Unaudited Six months ended 31 Aug 2012	Audited Twelve months 28 Feb 2012	Unaudited Six months ended 31 Aug 2011
Net cash from operating activities	**26 207**	39 276	8 639
Net cash from investing activities	**(20 678)**	(16 243)	(1 079)
Net cash from financing activities	**43 777**	69 745	2 383
Net increase in cash and cash equivalents	**49 306**	92 778	9 943
Cash and cash equivalents at the beginning of the year	**103 691**	10 913	10 913
Cash and cash equivalents at the end of the period	**152 997**	103 691	20 856

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Rands)	Share Capital	Share premium	Retained income	Total equity
Balance at 01 March 2011	1 271	96 020 450	74 652 237	170 673 958
Profit for the period	-	-	21 649 354	21 649 354
Total comprehensive income for the period ended 31 August 2011	-	-	21 649 354	21 649 354
Balance at 31 August 2011	1 271	96 020 450	96 301 591	192 323 312
Balance at 01 March 2012	1 271	96 020 450	140 032 285	236 054 006
Profit for the period	-	-	40 196 876	40 196 876
Total comprehensive income for the period ended 31 August 2012	-	-	40 196 876	40 196 876
Balance at 31 August 2012	1 271	96 020 450	180 229 161	276 250 882

CONDENSED SEGMENT REPORT FOR THE GROUP

	Construction	Land Development	Professional Services	Inter-Group & Holding	Total
Aug 2012					
Revenue - External	**312 801**	**84 196**	**3 672**	**-**	**400 669**
Operating profit/(loss)	**39 267**	**27**	**3 441**	**(216)**	**42 519**
Finance cost	**(4 184)**	**-**	**-**	**-**	**(4 184)**
Adjusted profit/(loss) before tax from reportable segments	35 083	27	3 441	(216)	38 335
Aug 2011					
Revenue - External	204 791	1 899	2 297	-	208 987
Operating profit/(loss)	15 670	(2 032)	2 077	1 474	17 189
Finance cost	(323)	-	-	-	(323)
Adjusted profit/(loss) before tax from reportable segments	15 347	(2 032)	2 077	1 474	16 866
Aug 2012					
Assets					
Goodwill	**28 515**	**-**	**4 155**	-	**32 670**
Inventories	**23 199**	**242 404**	**-**	-	**265 603**
Construction contracts	**66 884**	**-**	**-**	-	**66 884**
Liabilities					
Borrowings	**(191 000)**	**(77 768)**	**-**	**-**	**(268 768)**
Feb 2012					
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)

A reconciliation of adjusted profit/(loss) before tax is provided as follows:	31 August 2012	31 August 2011
Adjusted profit before tax for reportable segments	**38 335**	16 866
Share of profit of joint ventures - Net of tax	**12 435**	9 390
Total segments	**50 770**	26 256
Finance income - net	**2 602**	709
Profit before tax	**53 372**	26 965

COMMENTARY

The directors present the condensed consolidated interim financial results for the six months ended 31 August 2012 ("the period"), which reflect a substantial improvement in a number of key financial indicators.

Calgro, notwithstanding the challenging economic and trading conditions in both the construction and property development sectors, continued to grow in capacity and revenue which resulted in an improved financial position. A strong project pipeline in excess of R8 billion, supported by healthy relationships with clients, financiers and suppliers again enabled the Group to deliver top and bottom line growth.

FINANCIAL RESULTS

Group revenue increased by 91.7% to R401 million (Aug 2011: R209 million) and headline earnings rose 85.6% to R40.2 million (Aug 2011: R21.7 million). Various projects from the Group's healthy R8 billion pipeline, each with their own risk profile and client profile are being implemented concurrently, with another project expected to commence during the second half of the 2013 financial year.

Margins for the period increased from 15.4% for the year ended 29 February 2012 to 17% for the six months ended 31 August 2012 due to a healthy combination of services installation and top structure construction of GAP, Affordable, Social and Rental units. Detailed budgets are consistently monitored and controlled to ensure that growth is controlled and contained to a manageable level.

Growth in overheads, most of which on a variable cost basis, were well contained to 44.1% resulting in the growth of operating profit of 147.3%.

Profit from JV's increased by 32.4% resulting in a HEPS increase of 85.67%

Cash on hand grew to R153 million (Feb 2012: R104 million).

The Group continues to monitor net debt levels (Interest bearing debt minus cash on hand). Debt is set to increase over the next five years in proportion to revenue and working capital requirements. For the current reporting period net finance cost has increased to R1.6 million as a result of additional debt raised towards the end of the February 2012 reporting period to support the Group's working capital requirement and to partially de-risk the balance sheet against late payments by clients.

The statement of financial position (balance sheet) is structured for future growth, with fair working capital on hand in the form of cash, available overdrafts and facilities. Debt repayment terms are aligned with the business cycle.

A new R56 million 48 month unsecured instrument, bears interest at fixed rate of 12,050% and expires on 28 March 2016, was issued in the period under review.

SHARE APPRECIATION RIGHTS SCHEME (SAR)

Calgro issued a cash settled Share Appreciation Rights Scheme (SAR) of 8 million shares to directors and selected key employees. The grant date for the SAR was 1 March 2012. The shares vest after 2, 3 and 4 years if a hurdle growth rate linked to the Consumer Price Index (CPI) is exceeded. The amount recognised as an expense in the Statement of Comprehensive income for the period to 31 August 2012 was R3 300 438.

OPERATIONAL REVIEW

New projects ensured that the pipeline of in excess of R8 billion was maintained.

Government's commitment to increased investment in infrastructure allowed the Group to deliver on infrastructure for integrated developments. At the same time, the Group's risk was again managed by accelerating the privately financed component of its integrated developments.

The Group's exposure to Social Housing was once again increased. Units aimed at the FLISP (Finance Linked Individual Subsidy Programme) market are currently under construction and will be brought to market as a pilot project. In line with Group strategy all construction is currently still run in-house to ensure that the highest level of quality is maintained. The Group could, however, look to external contractors to implement the five year pipeline should internal capacity be fully utilised.

Construction of additional social housing (232 units) in the first phase of the **Fleurhof** project, have commenced. Infrastructure for the second phase of the project (Ext 5, 7 – 11) is on track and construction of units aimed at social housing (168 units), BNG (368 units) and the GAP market (135 units) will commence during the next 6 months. Infrastructure for the third phase will commence towards the end of the year to ensure continuity.

The installation of infrastructure for the first phases of both the **Jabulani CBD** and **Jabulani Hostel** projects has been completed. Construction of the first 500 units in the Hostel re-development project was completed. Once work relating to a variation order from Gauteng's Department of Housing is completed, units will be handed over to beneficiaries. Construction of 1211 units in the CBD project has commenced with the first 255 units handed over and transferred to new owners in the period under review.

The recovery of the Affordable Housing sector continued during the period under review. Infrastructure for the next phase of the **Jukskei View** project was completed and all 272 available units were sold. Construction of the 281 units in the first phase is nearing completion. Momentum will be maintained by commencing construction on the newly serviced 272 stands in the next phase. With the project nearing completion, a new project aimed at this specific market segment was acquired and the installation of infrastructure for the **Witpoortjie** project will commence during the next reporting period.

264 Units in the first phase of the **Brandwag** project in Bloemfontein was completed and construction activity was increased with the commencement of the balance of the units in phase 1 (138 units). Construction on the second phase of 495 units commenced during May 2012.

The **Elsiesrivier** project (90 units) was completed with valuable lessons learnt in terns of construction in the Western Cape. These lessons could prove to be invaluable during construction on the **Scottsdene** project. Infrastructure for this project is on schedule and contributed towards revenue during the period under review. Construction of top-structures (CRU 350, BNG 550) commenced during August and will start contributing towards revenue during the next period.

The expected improvement in the Mid-to-High income housing sector has not materialised, therefore the units under construction in this sector did not significantly contribute to Group results. The installation of infrastructure for the **La Vie Nouvelle** project (retirement village) commenced and the project will be launched in 2013 once show units have been completed. All income generated on this project will be utilised to de-gear land acquired for this segment of the market. Development rights are in place on all other properties in this market segment. The Group will therefore continue to "landbank" these properties, whilst attempting to control and reduce exposure to financial institutions.

HEALTH & SAFETY

The Group has maintained its exceptional safety record and was again fatality and serious injuries free in the workplace. This position in which the Company finds itself will not be taken for granted and a renewed effort was implemented to maintain this record reflecting the Group's commitment to sustaining its target level of zero harm.

PROSPECTS

Government's undertaking to close the gap between fully subsidized housing and the entry level affordable bonded market by providing Social Housing and the newly revised FLISP units is creating exciting new opportunities and the Group is positioned to make use of opportunities presented.

All contracts for the Belhar project were signed and concluded and the commencement of the project will significantly increase operations in the Western Cape.

Any reference to future performance included in this announcement has not been reviewed by the Group's external auditors.

CORPORATE GOVERNANCE

The directors and senior management of the Group endorse the Code of Governance Principles and Report on Governance, together referred to as King III. Having regard to the size of the Group, the board is of the opinion that the Group substantially complies with King III and the Listings Requirements of the JSE Limited. The Group performs regular reviews of its corporate governance policies and practices and strives for continuous improvement in this regard.

APPRECIATION

Our management team have been instrumental in enabling the Group to continue its turnaround as promised. This contribution also enabled the Group to win the award in the category best Company on the Alt-X before migrating to the main board. We thank them and look forward to continuing on this successful path of creating value for our shareholders. We would also like thank our partners, clients and shareholders for maintaining confidence in us.

Notes

1. Basis of preparation
These consolidated abridged interim financial statements have been prepared in terms of IAS 34 Interim Financial Reporting and comply with section 8.57 of the JSE Listings Requirements and the Companies Act of South Africa. The accounting policies are consistent with those used in the annual financial statements for the year ended 29 February 2012 and for unaudited results for the six months ended 31 August 2012 in terms of IFRS and AC 500.

2. Independent audit
These consolidated condensed interim financial statements have not been reviewed.

3. Dividends
No dividends have been declared for the period. The Board is of the opinion that the Group must continue to conserve cash to maintain the present growth and create shareholder value.

BP Malherbe
(Chief Executive Officer)

WJ Lategan
(Financial Director)

Johannesburg
11 October 2012

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*#)
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