

CULLINAN HOLDINGS LIMITED

TOURISM AND LEISURE

REVIEWED CONDENSED CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

GROUP FINANCIAL HIGHLIGHTS

Headline earnings – full year up 194%

Earnings – full year up 10%

Profit before tax – full year up 16%

Profit before tax – first six month period down 61%

Profit before tax – second six month period up 1 585%

Turnover – full year up 4%

Turnover – first six month period down 8%

Turnover – second six month period up 15%

GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

	Reviewed as at 30 September 2009 R'000	Audited as at 30 September 2008 R'000
ASSETS		
Non-current assets	122 864	118 205
Property, plant and equipment	52 695	60 544
Goodwill	33 593	24 070
Intangible assets	26 055	27 705
Investment properties	5 000	–
Investment in associate companies	3 053	1 220
Investment in joint venture	1 241	1 058
Deferred tax asset	1 227	3 608
Current assets	239 174	283 953
Inventories	16 737	9 925
Accounts receivable	122 445	142 969
Other financial asset	754	–
Taxation	2 708	890
Cash resources	96 530	130 169
Non-current assets held for sale	6 551	7 757
Total assets	368 589	409 915
EQUITY AND LIABILITIES		
Ordinary shareholders' equity	111 520	92 855
Preference shareholders' equity	546	546
Non-controlling interest	5	5
Total shareholders' equity	112 071	93 406
Non-current liabilities	46 967	45 928
Deferred tax liability	3 067	2 386
Long-term loans	33 132	34 705
Operating lease accrual	10 268	8 337
Preference shares	500	500
Current liabilities	209 551	270 581
Short-term portion of long-term loans	4 040	4 351
Operating lease accrual	215	68
Accounts payable	197 488	257 527
Taxation	1 121	741
Preference dividends	41	14
Provisions	6 646	7 880
Total equity and liabilities	368 589	409 915

GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Reviewed year ended 30 September 2009 R'000	Audited year ended 30 September 2008 R'000
Revenue	406 509	397 603
Turnover	403 949	389 939
Net operating expenses	(381 383)	(373 229)
Operating profit	22 566	16 710
Finance income	2 560	7 664
Finance expenses	(417)	(4 637)
Preference dividends paid	(55)	(55)
Share of (loss)/profit of associates	(771)	342
Share of profit of joint venture	183	710
Profit before taxation	24 066	20 734
Tax expense	(6 115)	(4 424)
Profit for the year	17 951	16 310
Other comprehensive income:		
Exchange differences on translating foreign operations	(150)	(360)
Revaluation of land and buildings	864	–
Total comprehensive income for the year	18 665	15 950
Profit attributable to:		
equity holders	17 951	16 310
non-controlling interest	–	–
Total comprehensive income attributable to:		
equity holders	18 665	15 950
non-controlling interest	–	–
Basic earnings per share (cents)	2,50	2,27
Diluted earnings per share (cents)	2,50	2,27

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

	Reviewed year ended 30 September 2009 R'000	Audited year ended 30 September 2008 R'000
Ordinary share capital		
Balance at beginning of year	7 184	7 184
Issued during year	–	–
Balance at end of year	7 184	7 184
Share premium		
Balance at beginning of year	59 905	59 905
Premium on issue of shares	–	–
Balance at end of year	59 905	59 905
Share capital reduction reserve fund		
Balance at beginning of year	20 876	20 876
Balance at end of year	20 876	20 876
Capital redemption reserve fund		
Balance at beginning of year	4	4
Balance at end of year	4	4
Foreign currency translation reserve		
Balance at beginning of year	(1 423)	(1 063)
Reserve on translation of foreign subsidiary	(150)	(360)
Balance at end of year	(1 573)	(1 423)
Revaluation reserve		
Balance at beginning of year	–	–
Revaluation of land and buildings	864	–
Balance at end of year	864	–
Accumulated profit/(loss)		
Balance at beginning of year	6 309	(3 121)
Gain realised on additional interest acquired on subsidiary	–	304
Total comprehensive income for the year	17 951	16 310
Ordinary dividend paid	–	(7 184)
Balance at end of year	24 260	6 309
Ordinary shareholders' equity	111 520	92 855
Equity portion of preference share capital		
Balance at beginning of year	546	546
Balance at end of year	546	546
Non-controlling interest		
Balance at beginning of year	5	5
Profit attributable to non-controlling interest	–	–
Balance at end of year	5	5
Total income and expense for the year		
Profit for year	17 951	16 310
– Attributable to equity shareholders	17 951	16 310
– Attributable to non-controlling interest	–	–
Total other comprehensive income for the year	714	(360)
	18 665	15 950

Auditors
Mazars Moores Rowland were re-elected as auditors in 2009.

Sponsor
Arcay Moela Sponsors (Proprietary) Limited
(Registration number 2006/033725/07)

Directors
M Tollman (Executive Chairman)†
MA Ness*‡
VET O'Hana‡
DD Hosking**‡
LA Pampallis
G Tollman***‡
DK Standage (Financial Director)
* British ** New Zealand *** USA
† Non-Executive

Company secretary
DK Standage

Registered office
6 Hood Avenue, Rosebank, 2196

Transfer secretaries
Computershare Investor Services (Pty) Limited
Ground Floor, 70 Marshall Street, Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

For further information on group activities, please write to:
The Company Secretary, Cullinan Holdings Limited
PO Box 41032, Craigshall, 2024
(Registration number 1902/001808/06)
(Share code: CUL ISIN: ZAE000013710)
("the company" or "the group")

GROUP CONDENSED STATEMENT OF CASH FLOWS

	Reviewed year ended 30 September 2009 R'000	Audited year ended 30 September 2008 R'000
Net cash inflow/(outflow) from operating activities	(3 334)	27 059
Net cash outflow from investing activities	(27 667)	(13 098)
Net cash outflow from financing activities	(2 638)	(5 960)
Net (decrease)/increase in cash and cash equivalents	(33 639)	8 001
Cash and cash equivalents at beginning of year	130 169	122 168
Cash and cash equivalents at end of year	96 530	130 169

NOTES

1. Basis of preparation

The reviewed condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and in compliance with the South African Companies Act, No 61 of 1973, as amended. The reviewed condensed consolidated financial statements are prepared on the historical cost basis, with the exception of certain financial instruments and properties which are measured at fair value. The policies are consistent with those of the previous annual financial statements except for the early adoption of IAS 1: Presentation of Financial Statements – Revised. The group has complied with the revised naming conventions as required by IAS 1 and reports one Statement of Comprehensive Income. In terms of IAS 1 certain items reported in the Statement of Changes in Equity are now disclosed in the Statement of Comprehensive Income.

2. Property, plant and equipment

During the year the group purchased property, plant and equipment of R5,482 million (2008: R13,522 million) and disposed of property, plant and equipment with a book value of R0,963 million (2008: R2,796 million).

The group has future commitments to purchase property, plant and equipment of R6,895 million (2008: R1,307 million).

3. Notes to the statement of comprehensive income

	2009	2008
Ordinary shares ('000)		
– In issue	718 355	718 355
– Weighted average	718 355	718 355
	R'000	R'000
Determination of headline earnings:		
Profit attributable to ordinary shareholders	17 951	16 310
Share of (profit)/loss of associate and joint venture	588	(1 052)
Fair value adjustment on investment properties including those classified as held for sale	(4 411)	(7 426)
(Profits)/losses on disposal of property, plant and equipment	(99)	(4 247)
Total tax effect of the adjustments	607	1 387
Headline earnings	14 636	4 972
Headline earnings per share (cents)	2,04	0,69
Diluted headline earnings per share (cents)	2,04	0,69
Net asset value per share (cents)	15,60	13,00

4. Acquisition of business

The company purchased Central Boating with effect 1 October 2008 which is a marine leader in the importation and distribution of leisure marine equipment to both the yachting and power boat sectors of the market in South Africa. This acquisition has strengthened the company's presence in the marine industry and will add additional profits to the group in the future.

Details of net assets and goodwill as follows:

Purchase consideration paid in cash	R17,537 million
Fair value of net assets acquired – inventory	R7,864 million
Goodwill	R9,673 million

Goodwill is attributable to significant synergies expected to arise between Manex and Central Boating.

Since the acquisition date, the following amounts have been included in the Statement of comprehensive income for Central Boating for the year:

Revenue	R40,483 million
Profit	R2,342 million

5. Related parties

The group's head offices and the Thompsons Johannesburg operation in Rosebank are leased from Motolla Property Investments (Pty) Limited, an entity to which one of the group's shareholders, Travcorp Financial Services Limited, is a related party. The registered office and Central Boating premises are also leased from Motolla Property Investments (Pty) Limited. Rentals paid to Motolla for the year were market related and amounted to R6,652 million (2008: R4,011 million).

6. Auditor's review

The reviewed condensed consolidated results for the year have been reviewed by the group's auditors, Mazars Moores Rowland. Their unqualified review opinion is available for inspection at the company's registered office.

7. JSE Limited ("JSE")

The directors of the company ensured compliance with the JSE Listings Requirements during the year under review.

8. Segmental reporting

	Travel & Tourism R'000	Yachting & Diving R'000	Total R'000
2009			
Revenue	335 782	70 727	406 509
Operating profit	18 963	3 603	22 566
2008			
Revenue	368 282	29 321	397 603
Operating profit	15 471	1 239	16 710

9. Contingent liabilities

On 2 December 2009, the company received a summons from the Powerpack Pension Fund (in liquidation) claiming payment of approximately R45 million plus interest relating to pension fund transactions during 1999. The company disputes liability and will be defending the claim. Details regarding this matter have been disclosed in the notes of the company's 2008 annual financial statements.

Overview

The group implemented a change in management, midway during the year, in March 2009. The new management team refocused the business by implementing efficiencies in operations, a continued drive to improve service levels and to provide the best value holidays to its customers. The result was a significant improvement in profitability in the second half of the year. Profit before tax was down R13,279 million during the first half of the year, and up R16,611 million in the second half of the year. We would like to thank the Board, Management and our employees for their efforts, commitment and contribution in achieving these improved results. Economic conditions remained challenging throughout the year.

Cash flow

Cash resources declined in the first half of the year with Central Boating being acquired for cash, a general decline in business and change in booking patterns for Holidays. The second half saw an increase in cash resources of R9 million which is pleasing, particularly as the second half of the year is traditionally a slow period for cash generation.

Review of Operations

Yachting and Diving (Cullinan Marine)
The Marine & Leisure unit consists of Central Boating and Manex Marine. The unit performed well during the year, despite difficult trading conditions.

Manex

Manex is a supplier to the diving and yacht building industry. The business holds agencies for a number of key brands in these industries. The business benefited from a change in management. This resulted in improved service levels, efficiencies and an improvement in value provided to its customers. Despite a difficult trading year, the financial results for the year significantly exceeded the prior year.

Central Boating

Central Boating is a supplier to the yacht industry and holds agencies for a number of leading brands. These are in many cases complementary to Manex. The business was acquired in October 2008 and met its performance expectations for the year.

Travel and Tourism

Thompson's Touring & Safaris
The touring division provides tourism products for the inbound division. These include escorted tours, general sightseeing and open vehicle game drives in the National Parks which are offered throughout Southern Africa. Steps were taken by management to address challenging market conditions. This resulted in profitability for the year exceeding 2008 levels.

Hylton Ross Tours

Hylton Ross Tours operates coaches and vehicles for hire and charter in the domestic travel market and also provides day tours in and around the Western Cape and the Garden Route. The business was affected by the decline in demand in the market place. Again, as this was anticipated, steps were taken in advance which resulted in profitability for the year exceeding that of 2008.

Thompson's Corporate and Leisure Travel

Thompson's Travel is a retail travel agency with offices in Johannesburg, Cape Town and Durban. Both the Corporate and Leisure divisions were affected by a decrease in demand in the local market during the year. Steps have been taken by management to improve the business for 2010.

Pentavel

Pentavel is a chain of 23 retail travel outlets located in the major shopping malls throughout South Africa. The business experienced a reduction in turnover and profitability during the year. This reduction was in line with the general slow down in the domestic travel market in South Africa. A new management team was implemented during the latter half of 2009 and steps have been taken to improve the business for 2010.

Thompson's Holidays (the outbound division)

The Holidays division is the premier wholesale supplier of travel related products and holidays to the South African market, distributing its holiday product through domestic travel agencies and consortiums. Sales were affected by the downturn in the domestic travel market. A new management team was installed during the second half of the year, with a focus on improved efficiencies, service levels and providing best value to its customers through the launch of the Thompsons Specialist Collection. The launch of the Thompsons Specialist Collection representing best value holiday packages in the South African marketplace, have proved very successful. The result was a significant improvement in profitability during the second half of the year in comparison to the prior year. Further steps are being taken to improve the business and the outlook for further growth in 2010 is positive.

Thompson's Africa (the inbound division)

The Thompsons Africa division is the leading South African tour wholesaler and destination marketing organisation. It sells Southern African travel packages to international Tour Operators with a blue chip customer base. The customer base is geographically well spread and Thompsons Africa has been recognised as the most well known brand amongst South African destination management companies operating in the International travel market. The downturn in the market place was anticipated for 2009, and steps taken to reduce costs and improve efficiencies, have proved successful in increasing profitability in the second half of the year when compared to the prior year.

Planet Africa

The Planet Africa division is a joint venture operation formed to sell and market Southern Africa primarily to Japanese and Korean Tour Operators. It is the largest incoming tour operator operating in the Japanese market and although affected by a drop in demand out of Japan has maintained profitability through increased efficiencies.

Thompson's Gateway Singapore

Gateway is a sales office in Singapore, selling Southern African packages to the South East Asian travel trade. It has maintained a reasonable level of turnover although profitability has declined during the year.

Prospects

Whilst economic conditions remain challenging, management changes in March 2009 have improved the dynamics of the business and prospects are positive for the year ahead. The Group plans to continue to focus on growing its business organically and is well placed to benefit from the 2010 World Cup. Efforts will also continue to look for further growth opportunities through acquisition.

On behalf of the Board

M Tollman
Executive Chairman
8 December 2009

DK Standage
Chief Financial Officer

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