

CULLINAN HOLDINGS LIMITED







TOURISM, LEISURE AND FINANCIAL SERVICES

REGISTRATION NUMBER 1902/001808/06 (SHARE CODE: CUL ISIN: ZAE000013710) Incorporated in South Africa

SUMMARISED AUDITED GROUP RESULTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

HIGHLIGHTS

-  Trading profit up 40% and profit before tax increased by 34% to R101m
-  Group year on year profit before tax increased on average by 50% per annum over the past three years
-  Total revenue increased by 39%. R119m cash generated by operations. Dividend maintained at 2 cents per share
-  Six travel companies acquired in September 2013 contribute R25m to 2014 profits, from a trading loss of R8.3m in the prior year
-  The Financial services segment expands through the acquisition of Chester Finance on 1 October 2014 and strong internal organic growth
-  The Cullinan coach fleet (Hylton Ross, Springbok Atlas, Ikapa) and depots substantially improved during the year

INTRODUCTION

Cullinan Holdings is pleased to report an excellent group performance in 2014. The group's Trading profit increased by 40% and profit before tax grew to R101m (2013: R75m), while cash generated by operations increased to R119m (2013: R56m). The growth in profit is particularly pleasing, considering that over the past three years, growth in group profit has averaged 50% per annum.

OVERVIEW

The group continues to make significant progress in executing its long-term strategy of improving its service levels, product quality and operational efficiency whilst investing in the highest quality transportation fleet and coach depots. During 2014 we also made good progress in our strategy to diversify into the financial services sector, thereby further spreading our overall group risk.

As mentioned in our interim report, Cullinan was well placed to take advantage of the upturn in tourism in 2014. This has been achieved with an excellent performance by the inbound tour businesses which grew substantially. In addition we believe that we have increased market share, especially out of China during 2014. The outbound tour operators and retail travel divisions also performed well and showed decent growth despite a sluggish South African economy and weaker currency.

The coach charter business, comprising Hylton Ross Tours, Ikapa Charter and Springbok Atlas Charter had an excellent year. The charter division absorbed the Springbok Atlas Charter business (acquired in 2013) and improved efficiencies and the quality of the fleet and service levels.

The financial services segment continues to grow and delivered a good performance and appears to be well poised for further growth next year, both internally and from the acquisition of Chester Finance on 1 October 2014.

Lastly, our Marine segment has improved its performance during the 2014 year although margins remain under pressure.

KEY ACHIEVEMENTS OVER THE PAST 12 MONTHS

- All business units performed well over the period, both financially and operationally.
- The company improved the quality and standard of its coach fleet through a R90m capital expenditure programme and expanded its depots in Cape Town and Johannesburg.
- The roll out of the tour operator travel system is nearly complete showing noticeable improvements in operating efficiency and improved service levels.

- The Thompsons Africa – China division had an excellent year and is starting to realise the potential opportunity out of China, although this business has been materially negatively impacted since September 2014 by new South African visa regulations and Ebola perceptions.
- The various measures taken over the 12 months to improve the six travel and tourism companies acquired last year have shown much improved results, with previously loss-making companies posting a R25m trading profit in their first year within the Cullinan Holdings Group.
- The financial services segment has seen good growth, and the appointment of Michael Barr as CEO of the division in March 2014 is bearing fruit, with increased organic growth and the acquisition of Chester Trade Finance with effect from 1 October 2014.
- Edusport, acquired in September 2013 successfully and profitably fulfilled its role as the exclusive agent for the Soccer World Cup 2014, and in addition, acquired the business of Peak Incentives, a specialist travel incentive business in March 2014.
- Following the success of the company mentorship programme started in 2013 in which 27 staff graduated, a further 47 staff graduated in 2014. The programme will continue in 2015.

PROSPECTS FOR 2015

Our expectation for continued strong demand, a lower oil price and weaker exchange rates in 2015 provides us with some optimism for the year ahead. This is however tempered by the material negative impact on tourism that the new South African visa regulations is having on our travel businesses from September 2014, as well as the impact of Ebola from October 2014. Whilst we anticipate the effect of Ebola to be temporary, we believe the new visa regulations will have a long-term damaging effect on the South African tourism and hospitality industry.

We remain committed to investing in our various business units in 2015 to ensure that they maintain their position as market leaders in the travel sector, and accordingly we have approved another year of robust capital expenditure for the year ahead.

We also plan to continue our focus on further development and acquisitions in our financial services segment during 2015 and to look for acquisition opportunities in the tourism sector.

The intention in the financial sector is to find quality operations in niche segments, either through purchase or partnerships.

We are confident that the group can continue to achieve above average growth. The fundamentals of the core businesses remain strong, our new acquisitions in September 2013 in the tourism and travel segments have performed well, while our financial services division

has expanded nicely in 2014. We are therefore well placed for further growth in this division in 2015.

Finally, we would like to take this opportunity to thank our Chairman, executives, our staff, our customers and our partners for their support, dedication and professionalism during the 2014 year and for their contribution to a successful year.

Michael Tollman
Chief Executive Officer

David Standage
Financial Director CA(SA)
Preparer

Condensed consolidated statement of profit or loss

| | Year ended 30 September 2014 | Year ended 30 September 2013 | Change % |
|----------------------------|------------------------------------|------------------------------------|-------------|
| R'000 | | | |
| Revenue | 836 362 | 600 553 | 39 |
| Trading profit | 92 990 | 66 205 | 40 |
| Profit before tax | 100 892 | 75 312 | 34 |
| Profit for the year | 71 323 | 56 998 | 25 |
| Earnings per share | 8.50 | 7.85 | 8 |
| Diluted earnings per share | 8.33 | 7.73 | 8 |

Condensed consolidated statement of financial position

| | Year ended 30 September 2014 | Year ended 30 September 2013 | Change % |
|-------------------------------|------------------------------------|------------------------------------|-------------|
| R'000 | | | |
| Total non-current assets | 329 788 | 267 141 | 23 |
| Total current assets | 524 091 | 502 373 | 4 |
| Total equity | 385 010 | 325 723 | 18 |
| Total non-current liabilities | 14 647 | 15 356 | (5) |
| Total current liabilities | 454 222 | 428 435 | 6 |

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement. The full announcement was issued on SENS on 15 December 2014 and can be found on the company's website at www.cullinan.co.za. Copies of the full announcement may also be inspected at or requested from the company's registered office at no charge during office hours. Any investment decision should be based on the full announcement released on SENS and on the company's website. This short form announcement is not been audited. Registered office: 6 Hood Avenue, Rosebank, 2196

| TOUR OPERATORS | COACH CHARTER | TRAVEL SERVICES | MARINE & BOATING | FINANCIAL SERVICES | CORPORATE SERVICES |
|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
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