

#### THOMPSONS AFRICA (the inbound division)

The incoming division is a destination management company supplying fully inclusive arrangements in South and Southern Africa to a world-wide audience. These services include airport meet-and-greets, transfers, sightseeing and fully escorted tours, guaranteed departure seat-in-vehicle tours and fully inclusive services. There are satellite offices in Singapore, Tokyo, Osaka and Frankfurt as well as receptive offices in Johannesburg, Hazyview (for Kruger Park), Cape Town, Durban, Hluhluwe, Port Elizabeth (for the Garden Route), Windhoek and Victoria Falls. The division has a full-time staff complement of 330 which include foreign-language-speaking guides and consultants who are fluent in Mandarin, Arabic, Japanese, French, Italian, Russian, Spanish, German, Dutch and Portuguese. More than 80% of the business originates in Europe, the United Kingdom and Asia; the remainder comes from a wide variety of sources including the USA, South America, the Middle East, Russia, the Indian Ocean Islands and Africa. The division employs 260 people and is managed by Linda Pampallis.

#### THOMPSONS AFRICA TOURING AND SAFARIS

The vehicle touring division operates its own fleet of Volkswagen minibuses and 16-seater Mercedes sprinters, which together with a chartered fleet of touring coaches, provides a wide range of touring product that includes overland escorted tours. Day and city sightseeing tours are offered on a guaranteed departure basis, as are daily shuttles and point-to-point transfers. Overland seat-in-vehicle tours are offered in German, Spanish and English, and in most other major languages as and when required.

The Safari business operates in three locations - Hazyview for the Kruger National Park, Hluhluwe for the Hluhluwe/Umfolozi Game Reserve and surrounding St. Lucia area and Vic Falls for the Musi Otunia National park. It has a concession to conduct open vehicle game drives, walks and camping safaris in the Parks. With contracted accommodation, it provides a high quality game experience at an affordable price, which has been well received by the international market. The division has a staff complement of 89 and is managed by David Standage

#### THOMPSONS TRAVEL

Thompsons Travel is a retail travel agency with offices in Durban, Cape Town and Johannesburg. The corporate division provides the full spectrum of travel services for the business community, while the leisure division concentrates on the needs of the holidaymaker. The division employs 68 people and is managed by Mary Shilleto.

#### PENTRAVEL

Pentravel specializes in marketing holidays and leisure travel. The 21 Pentravel sales shops are located in the largest shopping malls in all major centers and are supported by a Central Services unit based in Durban.

Apart from operating as a normal travel agency, Pentravel distributes and sells well known airline and leisure travel brands through its travel sales shops, including those of its sister division Thompsons and the international British Airways Holidays program.

The new PenDirect booking office, opened in January, deals with Web bookings from the public and is the fastest growing part of the business. Pentravel's software development programme includes a new on-line Web booking engine that will compete directly with the airlines in offering competitive airfares and travel packages.

The division employs 159 staff and is managed by Rob Crankshaw.

#### MANEX

Manex is a supplier to the yachting, power boat and scuba diving industries. It has offices in Cape Town and Johannesburg. It has a staff complement of 34 and is managed by John Colclough.

#### HYLTON ROSS TOURS (PTY) LTD.

Hylton Ross is a well known brand in the Western Cape and offers coach and vehicle charter. The fleet totaling some 50 vehicles ranges from luxury Mercedes chauffeur drive sedans to 49 seater full luxury touring coaches, licensed to collect groups anywhere in South Africa.

The brand is also synonymous with top quality seat in Kombi tours around the Western Cape and the Garden Route.

The company is independently managed by Geert van Doorn and Dale Richards and is headed by Claus Tworeck. It currently has a team of 31 office & workshop staff and a pool of some 70 tour guides.

#### THOMPSONS GATEWAY PTE LIMITED ( SINGAPORE)

Gateway is a sales office specializing in group and individual travel from the Far East to Southern Africa.

## CONTENTS

	Page
Shareholders' Analysis	2 - 3
Financial Review	4
Administration and Shareholders' Diary	5
Chief Executive Officers' Report	6 - 7
Financial Report	8 - 9
Corporate Governance	10 - 12
Directors' Responsibility for the Annual Financial Statements	13
Report of Independent Auditors	14
Directors' Report	15 - 16
Accounting Policies	17 - 24
Balance Sheets	25
Income Statements	26
Statement of Changes in Equity	27
Cash Flow Statements	28
Notes to the Financial Statements	29 - 44
Interests in Subsidiaries	45 - 46
Notice of Meeting	47
Form of Proxy	Loose

## SHAREHOLDERS' ANALYSIS

An analysis of the shareholding at 30 September 2006 as required by the JSE Limited is as follows:

### ORDINARY SHARES

Type of listed security	Ordinary Shares
<b>Total number of securities listed:</b>	<b>718 271 871</b>

AA Thompson, an executive director of the company, has an indirect beneficial interest through Kruger and Thompson Investments of 3 541 500 shares in the company.

Type of Shareholder	Number of Shareholders	Number of Securities held	% Securities held
Public	1 147	67 978 108	9.5
Non Public	6	650 293 763	90.5
<b>Total</b>	<b>1 153</b>	<b>718 271 871</b>	<b>100.00</b>

### ANALYSIS OF NON-PUBLIC ORDINARY SHAREHOLDERS

Type of Shareholder	Number of Shareholders	Number of Securities held	% Securities held	Options to subscribe for ordinary shares
Directors of the applicant or any of its subsidiaries;				
AA Thompson	1	22 778 030	3.2	-
LA Pampallis	1	9 743 590	1.4	-
Any Associates of the above;	1	4 083 000	0.6	-
Any person who, by virtue of any agreement, has a right to nominate a person to the board of directors of the applicant;				
	0	0	0	
Any person who is interested in 10% or more of the securities of the relevant class unless the JSE determines that such person can be included in the public for the purpose of paragraphs 4.29(d) & (e), 4.31 (g)(iv) & (v).				
	1	532 937 890	74.2	
Any Associates of the above;	1	80 751 253	11.2	

### MAJOR SHAREHOLDERS HOLDING MORE THAN 5%

#### PUBLIC

Name	Holding	% Holding
<b>Holding less than 5%</b>	67 978 108	9.5

#### NONPUBLIC

Travcorp Financial Services Ltd	456 313 278	63.5
KAS Depository Trust	80 751 253	11.2
BB Inv Co (Pty) Ltd	76 624 612	10.7
<b>Holding less than 5%</b>	36 604 620	5.1
	<b>650 293 763</b>	<b>90.5</b>
<b>Total</b>	<b>718 271 871</b>	<b>100.0</b>

## SHAREHOLDERS' ANALYSIS *(continued)*

### 5,5% CUMULATIVE PREFERENCE SHARES

<b>Type of listed security:</b>	<b>5,5% Cumulative Preference shares</b>
<b>Total number of securities in issue:</b>	<b>500 000</b>

Type of Shareholder	Number of Shareholders	Number of Securities held	% Securities held
Public	75	500 000	100.00
Non Public	0	0	0.00
<b>Total</b>	<b>75</b>	<b>500 000</b>	<b>100.00</b>

### ANALYSIS OF NON-PUBLIC 5.5% CUMULATIVE PREFERENCE SHAREHOLDERS

Type of Shareholder	Number of Shareholders	Number of Securities held	% Securities held
Directors of the applicant or any of its subsidiaries;	0	0	0
Any Associates of the above;	0	0	0
The trustees of any employees' share scheme or pension fund established for the benefit of any director or employees of the applicant and its subsidiaries;	0	0	0
Any person who, by virtue of any agreement, has a right to nominate a person to the board of directors of the applicant;	0	0	0
Any person who is interested in 10% or more of the securities of the relevant class unless the JSE determines that such person can be included in the public for the purpose of paragraphs 4.29(d) and (e), 4.31 (g)(iv) and (v).	0	0	0

### MAJOR SHAREHOLDERS HOLDING MORE THAN 5%

#### PUBLIC

Name	Holding	% Holding
Forsdick - Charles Edward Errol	132 210	26.4
SA Equities Limited	80 000	16.0
Old Sillery (Pty) Ltd	150 128	30.0
<b>Holding less than 5%</b>	<b>137 662</b>	<b>27.6</b>
	<b>500 000</b>	<b>100.0</b>

## FINANCIAL REVIEW

FOR THE YEAR ENDED 30 SEPTEMBER 2006

<b>Group summary (R000)</b>	<b>12 months</b>	12 months	<b>Group summary</b>	<b>12 months</b>	12 months
	<b>2006</b>	2005		<b>2006</b>	2005
<b>Income statement</b>			<b>Group statistics</b>		
Revenue	269 076	230 299	<b>Ordinary share performance</b>		
Operating income	25 204	23 252	<b>(cents per share)</b>		
Exceptional items	(1 629)	(2 527)	Attributable profit	2.6	2,1
Interest received	4 594	3 402	Headline profit	2.6	2,2
Attributable profit	18 978	15 226	Net asset value	10.0	8,5
<b>Balance sheet</b>			Closing market price	44	45
Ordinary shareholders' funds	71 188	60 166	<b>Liquidity</b>		
Preference shareholders' funds	1 046	1 046	Current ratio	1:1	1:1
Bank Balances	124 826	101 790	<b>Other</b>		
<b>Cash flow statement</b>			Number of ordinary shares		
Increase/(Decrease) in cash and cash equivalents	23 036	(5 234)	issued (000)	718 272	718 188
			Weighted average shares (000)	718 272	718 188
			Number of employees	940	834

## ADMINISTRATION AND SHAREHOLDERS' DIARY

### **Cullinan Holdings Limited**

Incorporated in the Republic of South Africa  
Registration number 1902/001808/06

Telephone (011) 770-7994

Telefax (011) 770-7485

### **Administration**

*Secretary*

Mr QA Southey

### **Bankers**

The Standard Bank of South Africa Limited

### **Registered office**

The Travel House  
6 Hood Avenue  
Rosebank

### **Transfer secretaries**

Computershare Investor Services 2004 (Pty) Limited  
70 Marshall Street  
Johannesburg 2001  
(PO Box 61051, Marshalltown 2107)  
Call Centre: (011) 688-7737

### **Auditors**

BDO Spencer Steward  
(Johannesburg) Incorporated  
13 Wellington Road  
Parktown 2193  
Private Bag X60500  
Houghton  
2041

### **Sponsor**

Arcay Moela Sponsors (Pty) Ltd  
4th Floor Hyde Park Corner  
Jan Smuts Avenue  
Hyde Park  
(PO Box 41966, Craighall 2024)

### **Postal address**

PO Box 41032  
Craighall  
2024

Financial year-end 30 September 2006  
Annual general meeting 28 February 2007

---

### **2006 Financial Year Reports and Profit Statements** **To be Published**

---

Half-yearly interim report May 2006  
Results for the year ended 30 September 2006 December 2006  
Annual financial statements January 2007

---

<b>Dividends</b>	<b>Declared</b>	<b>Paid</b>
5,5% cumulative preference shares	June/December	July/January

---

## CHIEF EXECUTIVE OFFICERS' REPORT

### OVERVIEW

The past year has been one of continued growth for the group, highlighted by the acquisition of Hylton Ross, a well known coach touring and sightseeing tour operator based in the Western Cape.

The group results are summarised as follows:

- Profit before tax increased by 16.7%
- Headline earnings per share improved by 16.6%
- Attributable earnings per share improved by 24.6%
- Operating cash flows remained strong

The year was characterised by growth in the incoming markets, particularly from the Eastern and North American markets. The Outbound business was steady and Pentravel posted very good results.

### REVIEW OF OPERATIONS

#### Thompsons Tours (the Outbound Division)

The Outbound division is a wholesale supplier of travel related product and holidays to the South African market. The domestic market has been steady. It is being affected by the growth of low cost carriers and the change in buying patterns. This however is part of the evolution of the industry and the division is making the necessary adjustments to the business model to accommodate the new trends.

#### Thompsons Africa (the Inbound Division)

The Inbound division is a tour wholesaler and destination marketing organisation that sells Southern Africa to the rest of the world. Turnover is influenced by the relative strength of our currency and the air lift into South Africa. Over the past few months the Rand has weakened which has boosted turnover, but the availability of incoming air seats at reasonable prices remains a problem. The division has had a good year showing an improvement in both turnover and profits. The growth out of both the Far East and the USA has been most encouraging.

#### Thompsons Africa Touring and Safaris

The Touring division provides tourism products for the incoming division. These include escorted tours, general sightseeing and open vehicle game drives in the National Parks which are offered throughout Southern Africa. While turnover was up profits were reduced as a result of the introduction of new touring products which always take time to become established.

The roll out of the Thompsons Africa footprint continues, with the establishment of two new locations this year at Malelane and Chobe. An office is planned for Maputo in the new year.

#### Thompsons Travel

Thompsons Travel is a retail travel agency with offices in Johannesburg, Cape Town and Durban. The Corporate division showed a welcome return to profitability.

#### Pentravel

Pentravel is a chain of 20 retail travel outlets located in the major shopping malls throughout South Africa. It enjoyed a year of record turnover and profits and is well placed to continue its growth in the leisure travel market.

#### Hylton Ross

The company acquired the entire share capital of Hylton Ross (Pty) Ltd with effect from 1st August 2006. 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. It is a well known brand in the travel market and enjoys a substantial market share in the Western Cape. As only two months trading has been accounted for in the current financial year, the impact of this strategic acquisition has been limited in the current year's result. (Profit after tax for the two months of August and September amounted to R892 000.) The coach charter market remains firm and our branded tours in the Western Cape and Garden Route continue to sell well. The new Cape Town Convention Centre is beginning to generate traffic in the low season which is providing a useful lift to our turnover.

#### Thompsons Gateway Singapore

Gateway, a sales office in Singapore, had a good year showing improved turnover and profits.

**CHIEF EXECUTIVE OFFICERS' REPORT** *(continued)*

**Manex**

Manex is a supplier to the yacht building industry. It had another difficult year in an industry that is dependent on the relative value of the rand.

**Prospects**

At current levels of the Rand, the Incoming business is poised to continue its growth. The growth in Inbound traffic will have a positive effect on both Thompsons Touring and Hylton Ross Tours. At the same time the Outbound business should remain steady, and the retail travel businesses should continue to benefit from the buoyant consumer expenditure.

A A Thompson  
*Chief Executive Officer*

M Ness  
*Chairman*



## FINANCIAL REPORT

Profit before tax for the group showed an increase of 16.8% over that of the previous year. Profit after tax increased by 24.6%. The tax expense, as a percentage of profit before tax, has reduced year-on-year because of lower STC paid as a result of the redemption of the preference shares in July 2005.

The group continues to generate positive operational cash flows.

### PROPERTY, PLANT AND EQUIPMENT

The movement in the net book value of property, plant and equipment is detailed in note 2 of the financial statements. The group incurred capital expenditure of R19.2 million, with the main items being:

- Motor vehicles	R 5.6m
- Computer equipment	R 1.8m
- Leasehold improvements	R 6.5m
- Furniture and fittings	R 3.1m
- Land and buildings	R 1.8m

### GOODWILL AND INTANGIBLE ASSETS

The movement in the net book value of intangible assets is included in notes 3 and 4 of the financial statements. The group incurred the following expenditure during the year:

- Goodwill on the acquisition of Hylton Ross Tours (Pty) Ltd	R11.6m
- Computer software	R 3.7m

Hylton Ross Tours operates coaches and vehicles for hire and provides day tours in and around the Western Cape.

### WORKING CAPITAL

The group's working capital showed a significant decrease during the year in line with the increased turnover.

### CASH FLOW

A detailed cash flow is reflected in the financial statements and the notes thereto.

### TAXATION

The group has fully utilised its assessed losses in the current year.

### DIVIDENDS

An ordinary dividend (number 127) of 1 cent per ordinary share was declared and paid during the year.

The following preference dividends were declared during the year:

- 6.5% cumulative preference shares	R 55 000
-------------------------------------	----------

## FINANCIAL REPORT *(continued)*

### RISK MANAGEMENT

Insurance losses, including material damage to assets and the resultant business interruption, are covered through policies underwritten locally by reputable insurers.

- **Foreign exchange risk** on the net rand value of working capital and expected future sales is limited by using foreign exchange contracts where necessary.
- **Price hedging** on future purchases and sales of goods and services is not undertaken. Prices are established on normal commercial terms directly with suppliers or customers through agents.
- **Internal financial controls** are monitored on an ongoing basis with the external auditors performing “status of records” audits and reporting to the audit committee half-yearly.
- **Credit risk** is managed through an adequate internal control system including credit checks, client assessment and security over client assets.
- **Liquidity risk** is managed through comprehensive cash forecasts and cash management policies.

### EMPLOYEE SHARE PURCHASE AND OPTION SCHEME

In October 1998 the shareholders of Cullinan Holdings Limited approved a new share scheme which, in the opinion of the directors, would more adequately serve the purpose and the functions of the share option scheme. The scheme was amended slightly in 2000.

The position of the scheme at 30 September 2006 was:

Number of options available for issue and allotment		93 000 000
Options taken back in 1993. Held in trust and subsequently sold in 2004.		( 898 300)
Options taken up and shares issued		( 261 700)
- at 31/12/01		
- 01/01/02 to 31/10/02	(31 050 000)	
- 01/11/02 to 30/09/03	( 2 500 000)	
- 01/10/03 to 30/09/04	( 1 000 000)	
- 01/10/04 to 30/09/05	(       0)	
- 01/10/05 to 30/09/06	<u>(   83 333)</u>	<u>(34 633 333)</u>
		(34 895 033)
Options allotted to participants		27 550 000
- at 31/12/01		
- 01/01/02 to 31/10/02	8 350 000	
Less options taken up		(34 633 333)
- as above		
Options lapsed		<u>( 1 099 983)</u>
Balance of allotted options outstanding- at 30/09/06	( 166 684)	( 166 684)*
<hr/>		
Balance of options available for future issue and allotment		57 039 983
<hr/>		

\* Share options exercisable at 4 cents per share in one tranche before June 2007.

## CORPORATE GOVERNANCE

The company endorses the Code of Corporate Practices and Conduct as set out in the King II Report and believes that it complies with the major recommendations of the Code.

### BOARD OF DIRECTORS

The board of directors comprises four non-executive directors and two executive directors. The roles of the Chairman and Chief Executive do not vest in the same person. Messrs M.R.Bagus, G.B. Tollman and Q.A. Southey resigned as directors during the year and Mr M. Tollman was appointed as a director during the year.

The board meets at least four times a year and is responsible for monitoring the group's performance and determining group strategy. Attendance of directors for the financial year was as follows:

	8 Dec 2005	09 Feb 2006	02 Mar 2006	20 Apr 2006	7 May 2006	23 May 2006
<b>AA Thompson</b>	X	X	X	X	X	X
<b>QA Southey</b>	X	X	X	X	X	X
<b>LA Pampallis</b>	X	X	X	X	X	X
<b>MA Ness</b>	X	X	X	X	X	X
<b>DD Hosking</b>	X	X	X		X	X
<b>VET O'Hana</b>		X		X	X	X
<b>MR Bagus</b>			X	n/a	n/a	n/a
<b>GB Tollman</b>	X			n/a	n/a	n/a
<b>M Tollman</b>	n/a	n/a	n/a	n/a	X	X

In terms of Article 20.0 of the Articles of Association, the following directors retire and are eligible for re-election:

- M Tollman
- VET O'Hana

Brief CV's of the board members are as follows:

#### **Anton Thompson**

Age 66. Resident of South Africa. Founder of Thompsons Tours and currently Chief Executive Officer of Cullinan Holdings Ltd. Involved in the travel industry for 35 years. Instrumental in making Thompsons Tours the foremost travel company in South Africa, with interests in inbound, outbound, touring, groups and retail travel.

#### **Linda Pampallis**

Age 49. Resident of South Africa. Managing director of Thompsons South Africa, the Thompsons Inbound division. She has been involved in the local travel industry for 27 years and serves on the board of Tourism KwaZulu-Natal and is a member of the KwaZulu-Natal Marketing Management Committee.

#### **Michael Ness**

Age 61. Resident of Switzerland. President and Chief Executive Officer of The Travel Corporation. Involved in the travel industry for 40 years, during which he oversaw the growth of Trafalgar Tours from a small European operator to the world's largest Coach Tour Operator. Actively involved in expansion, including the purchase of Contiki Holidays, Insight Vacations, Creative Holidays, New Horizons and Evan Evans, which led to the formation of The Travel Corporation as well as some subsidiaries. Is also Chairman of Wilderness Safaris.

#### **David Hosking**

Age 53. Resident of Switzerland. President and Chief Executive Officer of Travcorp SA in Switzerland. Also Managing Director of Contiki Holidays. Involved with Contiki for 27 years. Has intensive knowledge of touring worldwide, setting up programmes in Europe, USA, Canada, Australia, New Zealand, Asia and Africa. Is a member of The Travel Corporation Board.

#### **Vicki O'Hana**

Age 43. Resident of Switzerland. Director of The Travel Corporation. Has extensive experience in the hotel industry and is active in The Travel Corporation's Hotel business, Red Carnation Hotels. Is a director of the 12 Apostles Hotel in Cape Town, South Africa. Brings excellent knowledge of the hospitality industry to the Cullinan Board.

#### **Michael Tollman**

Age 45. South African resident. BComm, South African Chartered Accountant. Extensive experience worldwide in the travel and leisure industry. In particular, brings knowledge and experience to the board in the areas of finance, travel, mergers and acquisitions.

## **CORPORATE GOVERNANCE** *(continued)*

### **DIRECTORS' DEALING IN SHARES**

There were no share dealings by directors during the year.

There are no share options held by directors.

### **AUDIT COMMITTEE**

The audit committee comprises two non-executive directors (DD Hosking and MA Ness) and an executive director (AA Thompson) and is chaired by a non-executive director (DD Hosking), who is not chairman of the board. A senior partner from the company's auditors attends all meetings. The committee meets twice a year and reviews the annual and interim financial statements before they are submitted to the board.

The committee's main functions are to assist the directors in:

- Safeguarding the company's assets;
- Ensuring that adequate accounting records are maintained;
- Ensuring that proper internal control systems are in place; and
- Facilitating communication between the board, management and the external auditors.

### **REMUNERATION COMMITTEE**

The remuneration committee comprises two non-executive directors (DD Hosking and MA Ness) and an executive director (AA Thompson) and is chaired by a non-executive director (DD Hosking). The committee reviews and approves annual salaries, management incentive schemes, share option allocations and generally advises on group remuneration matters.

### **BOARD COMMITTEES**

In terms of the Listings Requirements of the JSE, the company has adopted policies relating to:

- Appointments to the board of directors;
- Division of responsibilities of directors.

### **ACCOUNTING RECORDS AND INTERNAL CONTROL**

The directors have ensured that adequate systems of internal control are designed, maintained and complied with. Financial discipline reviews are conducted annually by an outside consultant.

## CORPORATE GOVERNANCE *(continued)*

### BLACK ECONOMIC EMPOWERMENT

The board of directors acknowledges the importance of BEE in the transformation of South Africa and has adopted a broad-based BEE charter that will secure and potentially increase Cullinan's competitive advantage into the future.

The company has developed a scoreboard approach with a 7 factor enabling framework, based on the Tourism BEE Charter and Scorecard as published by the Department of Environmental Affairs and Tourism and the Tourism Business Council of South Africa, in order to both set objectives and track progress. Cullinan has developed an internal scorecard against which BEE contribution can be measured.

The current scorecard is built around the following core elements:

	<b>Tourism Charter Weightings</b>	<b>Current Company Score</b>
1. Ownership	15%	1.81%
2. Strategic Representation	14%	2.75%
3. Employment Equity	14%	12.33%
4. Skills Development	20%	9.64%
5. Preferential Procurement	15%	11.70%
6. Enterprise Development	14%	0.00%
7. Social Development and Industry Specific	8%	5.80%
<b>TOTAL</b>	<b>100%</b>	<b>44.03%</b>

### LABOUR LEGISLATION

The group conforms to labour legislation and subscribes to the principles of fairness developed and applied in labour dispute resolution forums. Annual returns have been submitted in terms of the requirements of the Employment Equity Act 1998.

### HIV / AIDS

Cullinan Holdings recognises that HIV/AIDS in South Africa will impact on business to a greater or lesser degree. In this context, the company has committed to measuring and understanding the potential impact of HIV/AIDS in the company, and to the implementation of an HIV/AIDS prevention and impact management strategy. The broad objectives of this programme will be:

- To build capability to manage the impact of HIV/AIDS.
- To constrain the development of new cases of HIV/AIDS in the organisation.
- To manage existing cases of HIV/AIDS effectively from a medical and psychological perspective.
- To create an unprejudiced workplace which embraces both the rights and responsibilities of all employees with regard to HIV/AIDS.

### ETHICS

The group is committed to the highest standards of integrity, behaviour and ethics in dealing with all its stakeholders.

### ENVIRONMENT

Cullinan makes an effort to ensure that all its business units are operated in a manner that minimises the effects on the environment and attempts are made to enhance their surroundings wherever possible.

## DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The financial statements which appear on pages 15 to 44 were approved by the board of directors on 13 December 2006 and signed on their behalf.

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible for reporting on the fair presentation of the financial statements. The financial statements have been prepared in accordance with Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act, 1973.

The directors are also responsible for the company's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.



**AA Thompson**  
*Chief Executive Officer*  
**13 December 2006**



**M Ness**  
*Chairman*

## CERTIFICATE OF THE GROUP SECRETARY

In my capacity as Group Secretary, I hereby confirm, in terms of section 268 G(d) of the Companies Act, 1973, that for the year ended 30 September 2005, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.



**QA Southey**  
*Group Secretary*  
**13 December 2006**

## REPORT OF THE INDEPENDENT AUDITORS

### To the members of Cullinan Holdings Limited

We have audited the accompanying balance sheet of Cullinan Holdings Limited and its subsidiaries as of 30 September 2006, and the related statements of income, and cash flows for the year then ended. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as of 30 September 2006, and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act in South Africa.

*BDO Spencer Steward (JHB) Inc.*

**BDO Spencer Steward (JHB) Inc.**  
**Registered Accountants and Auditors**  
**Chartered Accountants (South Africa)**

**Johannesburg**  
**13 December 2006**

## DIRECTORS' REPORT for the year ended 30 September 2006

The activities and results of the group are summarised in the Chief Executive Officer's report and the Financial report. In addition, the following statutory information is provided.

### SUBSIDIARIES

A schedule giving the details of the company's holdings in subsidiary companies appears on pages 45 and 46 of this report. The aggregate net income and losses of subsidiaries attributable to the company for the year were as follows:

	12 months 2006 R'million	12 months 2005 R'million
Net income in subsidiaries	2.4	-
Net losses in subsidiaries	0.1	0,8

### AUTHORISED AND ISSUED SHARE CAPITAL

Details of the authorised and issued share capital at 30 September 2006 are included in note 9 to the financial statements.

#### AUTHORISED SHARE CAPITAL

There were no changes to the authorised share capital during the year.

#### ISSUED SHARE CAPITAL

##### Ordinary Shares

83 333 ordinary shares of 1 cent each were issued during the year as a result of share options exercised.

##### Preference Shares

No change during the year.

#### BORROWING FACILITIES

The group has no short-term borrowing facilities. The group has a long-term revolving facility of R25 million with the Standard Bank of South Africa Limited. The loan bears interest at prime.

#### EVENTS OCCURRING SUBSEQUENT TO BALANCE SHEET DATE

No significant events have occurred subsequent to the Balance Sheet date.

#### DIRECTORS

The following directors served in office during the year ended 30 September 2006:

MA Ness	-	Chairman - Non Executive Director (British)
DD Hosking	-	Non Executive Director (New Zealand)
VET O'Hana	-	Non Executive Director
MR Bagus	-	Non Executive Director (resigned 19 April 2006)
AA Thompson	-	Executive Director
QA Southey	-	Executive Director (resigned 22 June 2006)
LA Pampallis	-	Executive Director
M Tollman	-	Non Executive Director (appointed 20 April 2006)

#### COMPANY SECRETARY

Mr. QA Southey, appointed on 31 May 2003, served as Company Secretary during the year.

#### SPECIAL RESOLUTIONS

No special resolutions were passed during the year.

**DIRECTORS' REPORT** for the year ended 30 September 2006

**SEGMENTAL ANALYSIS**

**DEFINITIONS**

**1. Segment assets**

Segment assets comprise property, plant and equipment, investment properties, goodwill, intangible assets, inventories, receivables and cash and cash equivalents, and exclude investments and deferred tax assets.

**2. Segment liabilities**

Segment liabilities comprise accounts payable and provisions and exclude items such as tax liabilities, shareholders for dividends, and redeemable preference shares.

**3. Capital expenditure**

Capital expenditure comprises additions to property, plant and equipment, investment properties, goodwill and intangible assets.

**BUSINESS SEGMENT ANALYSIS**

The Group is organised into two main business segments:

- Travel and tourism
- Yachting and diving accessories (Manex)

**30 September 2006**

	<b>Travel and Tourism (R000)</b>	<b>Yachting and Diving (R000)</b>	<b>TOTAL (R000)</b>
<b>Revenue</b>	245 552	23 524	269 076
<b>Operating profit/loss</b>			
Result	25 522	(318)	25 204
<b>Other information</b>			
Assets	298 184	12 057	310 241
Liabilities	236 936	4 841	241 777
Capital expenditure			
- Property, plant and equipment	19 058	163	19 221
- Intangible assets	3 706	6	3 712
Depreciation	7 103	219	7 322

**30 September 2005**

	<b>Travel and Tourism (R000)</b>	<b>Yachting and Diving (R000)</b>	<b>TOTAL (R000)</b>
<b>Revenue</b>	206 523	23 776	230 299
<b>Operating profit/loss</b>			
Result	23 792	(540)	23 252
<b>Other information</b>			
Assets	213 551	10 930	224 481
Liabilities	163 568	4 226	167 794
Capital expenditure			
- Property, plant and equipment	7 303	240	7 543
- Goodwill	3 000	-	3 000
- Intangible assets	3 660	119	3 779
Depreciation	7 342	293	7 635
Impairment of goodwill	990	-	990

## **BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

### **BASIS OF PREPARATION**

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act in South Africa. This is the first time the company has prepared its financial statements in accordance with IFRS, having previously prepared its financial statements in accordance with South African Statements of Generally Accepted Accounting Practice. Details of how the transition from South African Statements of Generally Accepted Accounting Practice to IFRSs has affected the group's reported financial position, financial performance and cash flows are given in note 1. The financial statements are prepared on the going concern basis under the historical cost convention as modified by the revaluation of certain property, plant and equipment, financial instruments and investment properties where appropriate, and incorporate the following accounting policies which are consistent with those applied in the previous year.

### **CHANGES IN ACCOUNTING POLICIES**

#### **First-time Adoption of IFRS**

Refer to note 1 of the notes to the financial statements.

#### **Revaluation of vehicles**

With the acquisition of Hylton Ross, with its substantial touring vehicle assets, it was decided to standardise the treatment of vehicles to one of annual valuation and impairment. Comparatives have not been re-stated due to the immaterial quantum of the adjustment in the prior years.

### **BASIS OF CONSOLIDATION**

#### **Investment in subsidiaries**

Subsidiaries are those entities over whose financial and operating policies the group has the power to exercise control, so as to obtain benefits from their activities.

The group financial statements incorporate the assets, liabilities and results of the operations of the company and its subsidiaries. The results of subsidiaries acquired and disposed of during a financial year are included from the effective dates of acquisition to the effective dates of disposal. Where necessary, the accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the group.

On acquisition, the assets and liabilities and contingent liabilities are measured at their fair values at the date of acquisition. Any excess of the cost of the acquisition over their fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets required is credited to profit and loss in the period of acquisition. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the income statement.

The interest of minority shareholders is stated at the minority's proportion of their fair values of the assets and liabilities recognised. Subsequently, any losses where applicable to minority interest in excess of the minority interest are allocated against the interests of the parent.

#### **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

#### **Investment in joint ventures**

Joint ventures are those entities over which the group has the ability to exercise joint control in terms of a contractual agreement. Investments in joint ventures are accounted for using the proportionate consolidation method. The group's share of post-acquisition

## **BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

earnings of joint ventures is included in earnings attributable to ordinary shareholders from their effective dates of acquisition.

### **PROPERTY, PLANT AND EQUIPMENT**

All property, plant and equipment, except for motor vehicles, are initially recorded at cost and adjusted for any impairment in value. The cost of self-constructed assets includes the cost of materials, direct labour and a proportion of production overheads.

Depreciation is provided on a straight line basis to write off the cost of the asset, or the revalued amounts, to their residual values over the estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

Leasehold improvements	–	20% per annum
Plant and machinery	–	10% to 20% per annum
Furniture and equipment	–	7,5% to 20% per annum
Computer equipment	–	25% to 33% per annum

Depreciation is not provided on freehold land.

Motor vehicles, initially raised at cost, are revalued each year to market value through the income statement except that revaluations above original cost are taken directly to equity. Property, plant and equipment purchased under suspensive sale agreements is capitalised and accounted for on the same basis as other assets in the asset class mentioned above. Finance charges on such suspensive sale agreements are accounted for as interest paid using the effective interest rate method.

### **Investment properties**

Investment properties are stated at open market valuations determined annually. Movements in fair value are recognised through the income statement.

### **LEASES**

#### **Operating leases**

Leases where the lessor retains substantially all the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against income on a straight line basis over the period of the lease.

### **IMPAIRMENT**

The carrying amounts of the group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its fair value less costs to sell and its value in use. The impairment loss is arrived at by comparing the carrying value to the recoverable amount. Impairment losses are first allocated against the revaluation reserve, where applicable, and then recognised through the income statement.

### **INTANGIBLE ASSETS**

Goodwill arising on consolidation represents the excess of the cost of the acquisition over the group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a business at the date of the acquisition. Goodwill is recognised as an asset and reviewed for impairment at least annually and whenever there is an indication that the intangible asset may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of the group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## **BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Software represents all costs incurred to acquire the asset and bring it into use. These costs are subject to impairment tests on an annual basis.

### **INVENTORIES**

Inventories are valued at the lower of cost, as defined below, and net realisable value.

Cost is determined on the following basis:

Merchandise and consumables are valued on a weighted average basis which include labour and overheads related directly to production. Obsolete, redundant and slow-moving stocks are written down where appropriate.

### **FINANCIAL ASSETS**

The group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship (see below), the group's accounting policy for each category is as follows:

#### **Fair value through profit or loss**

This category comprises derivatives. They are carried in the balance sheet at fair value with changes in fair value recognised through the income statement. The group does not have any other assets that should be classified as held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

#### **Loans and receivables**

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary assets. They are carried at cost (being fair value on initial recognition) less any provision for impairment.

#### **Held-to-maturity investments**

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. These assets are measured at amortised cost, with changes through the income statement.

#### **Available-for-sale**

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise the group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value recognised directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in the income statement.

### **FINANCIAL LIABILITIES**

The group classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. Other than financial liabilities in a qualifying hedging relationship (see below), the group's accounting policy for each category is as follows:

#### **Fair value through the income statement**

This category comprises derivatives. They are carried in the balance sheet at fair value with changes in fair value recognised in the income statement.

#### **Other financial liabilities**

Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are recognised at amortised cost.
- Bank borrowings, certain preference shares and the debt element of convertible debt issued by the group are initially recognised at

## BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. "Interest expense" in this context includes initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

### *Hedge accounting*

Hedge accounting is applied to financial assets and financial liabilities only where all of the following criteria are met:

- At the inception of the hedge there is formal designation and documentation of the hedging relationship and the group's risk management objective and strategy for undertaking the hedge.
- For cash flow hedges, the hedged item in a forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.
- The cumulative change in the fair value of the hedging instrument is expected to be between 80-125% of the cumulative change in the fair value or cash flows of the hedged item attributable to the risk hedged (i.e. it is expected to be highly effective).
- The effectiveness of the hedge can be reliably measured.
- The hedge is assessed on a quarterly basis and remains highly effective.

The group does not hold or issue derivative instruments for speculative purposes, although derivatives not meeting the above criteria are designated for accounting purposes as at fair value through profit or loss as appropriate. Such derivatives predominantly relate to those used to hedge the foreign exchange exposure on recognised monetary assets and liabilities. The group does not consider it necessary to designate them as hedging instruments because changes in their fair value (recognised in the income statement) offsets the foreign exchange gains and losses on the hedged monetary items (also recognised in the income statement) from applying the foreign exchange policy described above.

### **Cash flow hedges**

The effective part of forward contracts designated as a hedge of the variability in cash flows of firm commitments and highly probable forecast transactions are measured at fair value with changes in fair value recognised directly in equity (the "cash flow hedge reserve"). The group uses such contracts to fix the cost of equipment, inventories and services, and the income from foreign currency sales, in the functional currency of the group entity concerned. If a highly probable forecast transaction results in the recognition of a non-monetary asset, the cumulative loss/(gain) is added to/(subtracted from) the cost of the asset acquired ("basis adjustment"). Otherwise the cumulative gain or loss is recycled through the income statement at the same time as the hedged transaction.

If a forecast transaction is no longer considered highly probable but the forecast transaction is still expected to occur, the cumulative gain or loss recognised in equity is frozen and recognised in the income statement in accordance with the policy set out in the paragraph above. Subsequent changes in the fair value of the derivative are recognised in the income statement. If the group closes out its position before the transaction takes place (even though it is still expected to take place), the cumulative gain or loss on changes in fair value of the derivative is similarly recognised in accordance with the policy set out in the paragraph above. If, at any point, the hedged transaction is no longer expected to occur, the cumulative gain or loss is recycled through the income statement immediately.

The effective part of derivatives used to manage cash flow interest rate risk (such as floating to fixed rate swaps) are also measured at fair value with changes in fair value recognised directly in equity. However, if the group closes out its position early, the cumulative gains and losses recognised directly in equity are frozen and recycled through the income statement using the effective interest method.

## **BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

### **Fair value hedges**

Where derivatives are used to hedge the group's exposure to fair value interest rate risk (such as fixed to floating rate swaps), both the derivative and the hedged item are measured at fair value with changes in fair value recognised in the income statement.

### **Hedges of net investment in a foreign operation**

Where the group enters into derivative currency contracts to hedge changes in the net investment of foreign operations arising from movements in the forward exchange rate, to the extent that the hedge is effective, gains and losses arising on the derivative are recognised directly in equity. The ineffective portion of such hedges is recognised in the income statement.

### **TAXATION**

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted at the balance sheet date and any adjustment of tax payable for the previous years.

Deferred tax is provided using the balance sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at balance sheet date. Deferred tax is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effect on deferred tax of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Secondary Tax on Companies ("STC") on net dividends paid is recognised as a tax charge in the year it is incurred.

### **INTEREST BEARING LIABILITIES AND BANK BALANCES**

Interest bearing liabilities and bank balances are stated at the actual amounts owing to/by the financial institutions concerned, including interest thereon. Uncleared cheques are included in accounts payable.

### **REVENUE**

Revenue comprises the net sales value to third parties of all invoices, commissions and rentals, excluding value added tax. Sales within the group are eliminated on consolidation.

Where group companies act as agents and are remunerated on a commission basis, only the commission income, and not the value of the business handled, is included in revenue.

### **FOREIGN CURRENCIES**

#### **Foreign currency transactions**

Transactions in foreign currency are recorded at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Gains and losses arising on translation are credited to or charged against income.

The group enters into forward exchange contracts to hedge its risk against changes in exchange rates. Open forward exchange contracts are marked to market at year-end. Resulting gains or losses are taken to income.

## **BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

### **Financial statements of foreign entities**

The financial statements of foreign entities are translated into SA rands as follows:

- Assets and liabilities are translated at rates of exchange ruling at the financial year-end.
- Income and expenditure and cash flow items are translated at the exchange rates at the date the transaction occurred.

Exchange differences arising from the translation of foreign entities are taken directly to a foreign currency translation reserve.

### **PROVISIONS**

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### **Warranties**

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

### **Restructuring**

A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been publicly announced, resulting in a valid expectation of realisation of the plan. Costs relating to ongoing activities are not provided for.

### **EMPLOYEE BENEFITS**

#### **Short term employee benefits**

The cost of all short term employee benefits is recognised during the period in which the employee renders the related service.

The provision for employee entitlements to wages, salaries, annual and sick leave represents the amount which the group has a present obligation to pay as a result of employees' services provided to balance sheet date. The provisions have been calculated at undiscounted amounts using (where applicable) current wage and salary rates.

#### **Retirement benefits**

The company contributes to a Provident Fund. Contributions are charged against income as incurred.

#### **Equity compensation benefits**

The group grants share options to certain employees under an employee share plan. The fair value of the options on the date of grant is charged to the income statement over the investing period.

### **RESEARCH AND DEVELOPMENT COSTS**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An intangible asset arising from the development is recognised if, and only if, an entity can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- its intention to complete the intangible asset or sell it.

## **BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

- its ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally-generated intangible assets that are capitalised as a result of development are amortised on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

### **EARNINGS PER ORDINARY SHARE**

Earnings per ordinary share are calculated by dividing income attributable to ordinary shares by the weighted average number of ordinary shares in issue.

### **EXCEPTIONAL ITEMS**

Exceptional items as disclosed on the face of the income statement and in note 14 are items that the directors believe are material to the users' appreciation of the financial statements and are therefore disclosed separately. These items are not necessarily distinct from normal activities and may occur on an annual basis.

### **SIGNIFICANT JUDGEMENTS**

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

#### **Trade receivables, held to maturity investments, loans and receivables**

The group assesses its trade receivables, held to maturity investments, loans and receivables for impairment at each balance sheet date. In determining whether an impairment for loss should be recorded in the income statement, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments, loans and receivables is calculated on a portfolio basis, based on historical performance.

#### **Allowance for slow moving, damaged and obsolete inventory**

Management have made estimates of the net realisable value on the sale of certain inventory items.

#### **Impairment testing**

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including the Rand exchange rate, political uncertainty and supplier capacity.

## **BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

### **Provisions**

Provisions were raised and management determined an estimate based on the information available

### **Expected manner of realisation for deferred tax**

Deferred tax is provided for on the fair value adjustments of investment properties based on the expected manner of recovery, ie sale or use. This manner of recovery affects the rate used to determine the deferred tax liability.

### **NEW ACCOUNTING POLICIES AND INTERPRETATIONS**

All new accounting standards, interpretations and amendments to IFRS, that were issued prior to September 2006, but not yet effective on that date, were considered by management. The standards that are applicable to the group but that were not implemented early, are the following:

- IFRS 7: Financial instruments disclosures
- IFRS 8: Operating segments
- IFRIC 4: Determining whether an arrangement contains a lease
- IFRIC 5: Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
- IFRIC 9: Reassessment of embedded derivatives
- IFRIC 10: Interim financial reporting and impairment
- IFRIC 11: Group and treasury share transactions
- IFRIC 12: Service concession agreements
- Amendment to IFRS 4: Insurance contracts pertaining to financial guarantee contracts
- Amendment to IAS 1: Presentation of financial statements pertaining to capital disclosures
- Amendment to IAS 19: Employee benefits pertaining to actuarial gains and losses
- Amendment to IAS 21: The effects of changes in foreign exchange rates pertaining to net investments in foreign operations
- Amendments to IAS 39: Financial instruments: Recognition and measurements pertaining to cash flow hedge accounting of forecast intergroup transactions, the fair value option and financial guarantee contracts.

The application of the standards and interpretations mentioned above in future financial reporting periods is not expected to have a significant effect on the group's financial results, financial position and cash flow.

**BALANCE SHEETS** at 30 September 2006

Company			Group		
12 months	12 months		12 months	12 months	
2005	2006		2006	2005	
R000	R000	Note	R000	R000	
<b>ASSETS</b>					
15 493	<b>25 827</b>	Property, plant and equipment	2	50 721	16 204
331	<b>2 167</b>	Investment properties	3	<b>331</b>	331
10 805	<b>10 805</b>	Goodwill	4	<b>23 802</b>	11 869
21 326	<b>24 287</b>	Intangible assets	5	<b>24 287</b>	21 326
621	<b>32 640</b>	Investment in subsidiary companies		–	–
120	<b>200</b>	Investment in joint venture		<b>200</b>	120
230	–	Loan to joint venture		–	230
4 193	<b>3 573</b>	Deferred taxation	6	<b>3 573</b>	4 193
173 825	<b>200 056</b>	Current assets		<b>211 100</b>	174 751
10 209	<b>11 042</b>	– Inventories	7	<b>11 042</b>	10 209
63 682	<b>72 039</b>	– Accounts receivable		<b>75 232</b>	62 752
99 934	<b>116 975</b>	– Cash resources		<b>124 826</b>	101 790
<b>226 944</b>	<b>299 555</b>	<b>Total assets</b>		<b>314 014</b>	229 024
<b>EQUITY AND LIABILITIES</b>					
62 651	<b>72 697</b>	Ordinary Shareholders' equity	9 - 12	<b>71 188</b>	60 166
1 046	<b>1 046</b>	Equity portion of Preference Shareholders' equity	8	<b>1 046</b>	1 046
63 697	<b>73 743</b>	Total Shareholders' equity		<b>72 234</b>	61 212
–	–	Outside Shareholders' interest		<b>3</b>	–
4 830	<b>32 567</b>	Non-current liabilities		<b>37 071</b>	–
3 459	<b>3 363</b>	– Loans from subsidiaries		–	–
–	–	– Deferred tax liability		<b>1 241</b>	–
1 371	<b>29 204</b>	– Long term loans	15	<b>35 830</b>	<b>1 371</b>
158 417	<b>193 245</b>	Current liabilities		<b>204 706</b>	166 441
229	<b>735</b>	– Short term loans		<b>3 218</b>	229
146 140	<b>178 053</b>	– Accounts payable		<b>186 812</b>	154 114
12 031	<b>6 949</b>	– Provisions	14	<b>7 041</b>	12 081
2	<b>7 494</b>	– Receiver of Revenue		<b>7 621</b>	2
15	<b>14</b>	– Preference dividends		<b>14</b>	15
<b>226 944</b>	<b>299 555</b>	<b>Total equity and liabilities</b>		<b>314 014</b>	229 024

**INCOME STATEMENTS** for the year ended 30 September 2006

<b>Company</b>			<b>Group</b>	
12 months	12 months		12 months	12 months
2005	2006		2006	2005
R000	R000	Note	R000	R000
225 128	<b>253 885</b>	Revenue	<b>269 076</b>	230 299
(202 030)	<b>(231 461)</b>	Net operating expenses	<b>(243 872)</b>	(207 047)
23 098	<b>22 424</b>	Operating income before exceptional items	<b>25 204</b>	23 252
(1 538)	<b>(1 558)</b>	Exceptional items	<b>(1 629)</b>	(2 527)
21 560	<b>20 866</b>	Operating income	<b>23 575</b>	20 725
5 832	<b>5 911</b>	Finance income	<b>5 922</b>	5 840
(872)	<b>(1 215)</b>	Finance expenses	<b>(1 274)</b>	(872)
(1 566)	<b>(54)</b>	Preference dividends paid	<b>(54)</b>	(1 566)
24 954	<b>25 508</b>	Profit before tax	<b>28 169</b>	24 127
(8 901)	<b>(8 805)</b>	Tax expense	<b>(9 191)</b>	(8 901)
16 053	<b>16 703</b>	Profit for the year	<b>18 978</b>	15 226
16 053	<b>16 703</b>	Income attributable to equity holders of the company	<b>18 975</b>	15 226
		Income attributable to outside shareholders' interest	<b>3</b>	–
		Attributable profit per share (cents)	<b>2.64</b>	2.12
		Diluted profit per share (cents)	<b>2.64</b>	2.12
		Headline profit per share (cents)	<b>2.64</b>	2.26

**STATEMENT OF CHANGES IN EQUITY** for the year ended 30 September 2006

Company			Group	
12 months	12 months		12 months	12 months
2005	2006		2006	2005
R000	R000	Note	R000	R000
		<b>Ordinary share capital</b>		
7 182	7 182	9	7 182	7 182
-	1	Balance at the beginning of the year	1	-
		Issued during the period		
7 182	7 183	Balance at the end of the year	7 183	7 182
		<b>Share premium</b>		
59 900	59 900		59 900	59 900
-	2	Balance at the beginning of the year	2	-
		Premium on issue of shares		
59 900	59 902	Balance at the end of the year	59 902	59 900
		<b>Share capital reduction reserve fund</b>		
20 876	20 876	10	20 876	20 876
		Balance at the beginning of the year		
20 876	20 876	Balance at the end of the year	20 876	20 876
		<b>Capital redemption reserve fund</b>		
4	4	11	4	4
		Balance at the beginning of the year		
4	4	Balance at the end of the year	4	4
		<b>Foreign currency translation reserve</b>		
-	-	12	55	(12)
-	-	Balance at the beginning of the year	(1 373)	67
		Reserve on translation of foreign subsidiary		
-	-	Balance at the end of the year	(1 318)	55
		<b>Property, plant and equipment revaluation reserve</b>		
-	-		-	-
-	523	Balance at the beginning of the year	600	-
-	(493)	Revaluation of property, plant and equipment	(505)	-
		Transfer to/(from) reserves		
-	30	Balance at the end of the year	95	-
		<b>Accumulated loss</b>		
(34 184)	(25 311)		(27 851)	(35 896)
16 053	16 703	Balance at the beginning of the year	18 975	15 226
-	493	Attributable income for the year	505	-
(7 181)	(7 183)	Transfer to (from) revaluation reserve	(7 183)	(7 181)
		Ordinary dividend paid		
(25 311)	(15 298)	Balance at the end of the year	(15 554)	(27 851)
62 651	72 697	<b>Ordinary Shareholders' equity</b>	71 188	60 166
1 046	1 046	<b>Preference Shareholders' equity</b>	1 046	1 046

**CASH FLOW STATEMENT** for the year ended 30 September 2006

Company			Group	
12 months	12 months		12 months	12 months
2005	2006		2006	2005
R000	R000	Note	R000	R000
		<b>Cash flow from operating activities</b>		
38 474	<b>45 149</b>	Cash generated by operations	<b>46 890</b>	38 655
4 960	<b>4 696</b>	Net finance income	<b>4 648</b>	4 968
(1 759)	<b>(55)</b>	Preference dividends paid	<b>(55)</b>	(1 759)
(7 181)	<b>(7 183)</b>	Ordinary dividends paid	<b>(7 183)</b>	(7 181)
-	-	Normal taxation	<b>(800)</b>	-
(1 114)	<b>(907)</b>	Secondary taxation on companies	<b>(907)</b>	(1 114)
33 380	<b>41 700</b>	<b>Net cash inflow/(outflow) from operating activities</b>	<b>42 593</b>	33 569
		<b>Cash flow from investing activities</b>		
(7 288)	<b>(15 586)</b>	Additions to property, plant and equipment	<b>(19 221)</b>	(7 543)
-	<b>(1 836)</b>	Additions to investment properties	-	-
(3 779)	<b>(3 712)</b>	Additions to intangible assets	<b>(3 712)</b>	(3 779)
(3 000)	-	Acquisition of goodwill	-	(3 000)
-	<b>(32 019)</b>	Acquisition of subsidiary	<b>(30 969)</b>	-
638	<b>328</b>	Proceeds on disposal of property, plant and equipment	<b>281</b>	639
(120)	<b>(80)</b>	Investment in joint venture	<b>(80)</b>	(120)
(24)	-	Investment in subsidiary companies	-	-
(13 573)	<b>(52 905)</b>	<b>Net cash inflow/(outflow) from investing activities</b>	<b>(53 701)</b>	(12 906)
		<b>Cash flow from financing activities</b>		
-	<b>3</b>	Ordinary share capital issued	<b>3</b>	-
(25 000)	-	Preference share capital redeemed	-	(25 000)
-	<b>27 737</b>	Long term loans raised	<b>32 384</b>	-
-	<b>506</b>	Short term loans raised	<b>1 757</b>	-
(25 000)	<b>28 246</b>	<b>Net cash inflow/(outflow) from financing activities</b>	<b>34 144</b>	(25 000)
5 193	<b>17 041</b>	Net (decrease)/increase in cash and cash equivalents	<b>23 036</b>	(5 234)
105 127	<b>99 934</b>	<b>Cash and cash equivalents at beginning of year</b>	<b>101 790</b>	107 024
99 934	<b>116 975</b>	<b>Cash and cash equivalents at end of year</b>	<b>124 826</b>	101 790

**1. Transition to International Financial Reporting Standards (IFRS)**

The financial statements have been prepared in accordance with IFRS effective at 30 September 2006, including IFRS 1: First-time adoption of IFRS.

**Basis of preparation**

The consolidated balance sheet at 30 September 2005 and the consolidated income statement for the year then ended have been considered for re-statement. However no re-statement was required due to the immaterial impact of the conversion to IFRS.

**Transitional arrangements**

Cullinan's date of transition to IFRS was established as 1 October 2004. IFRS 1 requires retrospective application of all standards of IFRS applicable at 30 September 2006. Cullinan made the following elections relating to transitional arrangements:

**Elections applicable at 1 October 2004**

***Cumulative transition differences***

Cumulative transition differences for foreign operations are deemed to be zero at the transition date.

***Business combinations***

It was decided not to apply retrospectively the requirements of IFRS 3: Business Combinations for business combinations that occurred prior to 1 October 2004. Consequently no adjustments have been made for historical business combination.

***Property Plant and Equipment***

In terms of IFRS 1, a first-time adopter may elect to use either the fair value of individual property and equipment or the revalued carrying value under previous GAAP, at transition date, as the deemed cost. Alternatively, a first-time adopter may measure individual items of property and equipment at depreciated cost, determined in accordance with IFRS. These elections are available to each individual asset. Cullinan has made this transitional election on an asset level, as the circumstances of each asset require.

***Employee benefit obligations***

The group had no unrecognised accumulated actuarial gains and losses, as it has no post-retirement pension or medical schemes. (Refer to note 23.)

**Elections applicable at 1 October 2005**

***Comparatives***

Comparative information presented in the first year of adoption of IFRS are not restated in accordance with IAS 32: Financial Instruments - Disclosure and Presentation, IAS 39: Financial Instruments - Recognition at Measurement and IFRS 4: Insurance contracts.

***Estimates***

Where estimates were previously made under SA GAAP, consistent estimates (after adjustments to reflect any differences in accounting policies) have been made on transition to IFRS.

***Cash flow statement***

None of the IFRS adjustments to the cash flow statement were material.

***Cumulative transitional differences***

Under SA GAAP, Cullinan classified investments in foreign subsidiaries as foreign entities. The foreign currency adjustments arising from the translation of foreign entities were recognised directly in equity, constituting the foreign currency translation reserve.

The distinction between foreign entities and integrated foreign operations, based on the intention of management, has been removed. IFRS requires each entity to determine the currency of the primary economic environment in which it operates. An entity, which has a non-rand functional currency, is translated at the closing exchange rate and the differences are reported directly in equity, but all other entities which have rand as functional currency, report foreign currency translation differences in profit and loss.

In terms of IFRS 1, Cullinan has elected that cumulative translation differences for foreign operations be deemed zero at the transition date.

***Property, plant and equipment***

Previously property, plant and equipment were depreciated on a straight-line basis to their estimated residual values. These residual values were fixed at the date of acquisition and not reassessed annually.

Under IFRS significant parts of property, plant and equipment are identified separately and the residual values of these components are now redetermined on each balance sheet date. Depreciation ceases when the carrying value of an asset equals its residual value.

***Goodwill***

A significant aspect affecting Cullinan under IFRS is the removal of goodwill amortisation from the income statement. As mentioned in the 2005 annual financial statements, Cullinan adopted IFRS 3 (AC 140): Business Combinations with effect from 1 April 2004. In terms of the provisions of this statement, goodwill arising from a business combination for which the agreement date is on or after 30 September 2004, is no longer amortised, but carried at cost less accumulated impairment loss. As from 1 October 2004, all goodwill that already existed on that date has been treated in accordance with IFRS 3 and was no longer amortised.

***Leases***

IAS 17 requires operating lease costs to be accounted for on a straight-line basis. Future lease increases in terms of the lease contract are determined and the average lease expense is then compared with the pattern of recognition in terms of previous industry practice in South Africa where expenditure was recognised at a constant real rate of return as the net cash investment in the lease.

No reconciliation between South African Generally Accepted Accounting Policies and IFRS has been prepared as the change to IFRS has had no material effect on the income and expenses, balance sheet position and cash flows of Cullinan.

**NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30 September 2006 *(continued)*

**2. Property, plant and equipment - current year**

	<b>Land, buildings and leasehold improvements</b>	<b>Plant and machinery</b>	<b>Motor Vehicles</b>	<b>Computer Equipment</b>	<b>Furniture and Fittings</b>	<b>Total</b>
	<b>R000</b>	<b>R000</b>	<b>R000</b>	<b>R000</b>	<b>R000</b>	<b>R000</b>
<b>GROUP</b>						
Reconciliation of movement of property, plant and equipment for the year ended 30 September 2006						
<b>Cost</b>						
At beginning of year	3 396	3 050	8 144	23 035	9 169	46 794
Additions	6 443	192	5 599	1 877	5 110	19 221
Acquisition of business	627	72	23 772	77	53	24 601
Disposals	(181)	-	(784)	(293)	(152)	(1 410)
Transfers	-	50	(2 804)	(4)	(44)	(2 802)
Revaluation	-	-	753	18	33	804
<b>At end of year</b>	<b>10 285</b>	<b>3 364</b>	<b>34 680</b>	<b>24 710</b>	<b>14 169</b>	<b>87 208</b>
<b>Accumulated depreciation</b>						
At beginning of year	2 456	1 699	4 544	16 851	5 040	30 590
Acquisition of business	343	31	2 891	23	14	3 302
Charge for year	520	398	1 478	3 032	1 233	6 661
Disposals	(180)	-	(627)	(253)	(116)	(1 176)
Transfers	-	37	(2 801)	(93)	(33)	(2 890)
Revaluation	-	-	-	-	-	-
<b>At end of year</b>	<b>3 139</b>	<b>2 165</b>	<b>5 485</b>	<b>19 560</b>	<b>6 138</b>	<b>36 487</b>
<b>Net book value 30 September '06</b>	<b>7 146</b>	<b>1 199</b>	<b>29 195</b>	<b>5 150</b>	<b>8 031</b>	<b>50 721</b>

The net book value of assets encumbered under installment sale agreements is R12 875 797 (2005 - R Nil)

**COMPANY**

Reconciliation of movement of property, plant and equipment for the year ended 30 September 2006

<b>Cost</b>						
At beginning of year	3 396	3 040	6 976	22 979	9 057	45 448
Additions	4 607	165	3 854	1 877	5 083	15 586
Disposals	(181)	-	(784)	(296)	(152)	(1 413)
Transfers	-	44	(2 345)	-	(43)	(2 344)
Revaluation	-	-	736	-	-	736
<b>At end of year</b>	<b>7 822</b>	<b>3 249</b>	<b>8 437</b>	<b>24 560</b>	<b>13 945</b>	<b>58 013</b>
<b>Accumulated depreciation</b>						
At beginning of year	2 456	1 703	4 023	16 802	4 970	29 954
Charge for year	499	394	756	3 022	1 211	5 882
Disposals	(180)	-	(627)	(268)	(138)	(1 213)
Transfers	-	30	(2 345)	(91)	(31)	(2 437)
Revaluation	-	-	-	-	-	-
<b>At end of year</b>	<b>2 775</b>	<b>2 127</b>	<b>1 807</b>	<b>19 465</b>	<b>6 012</b>	<b>32 186</b>
<b>Net book value 30 September '06</b>	<b>5 047</b>	<b>1 122</b>	<b>6 630</b>	<b>5 095</b>	<b>7 933</b>	<b>25 827</b>

The net book value of assets encumbered under installment sale agreements is R2 386 029 (2005 - R Nil)

**NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30 September 2006 *(continued)*

**2. Property, plant and equipment (continued) - prior year**

	<b>Land, buildings and leasehold improvements</b>	<b>Plant and machinery</b>	<b>Motor Vehicles</b>	<b>Computer Equipment</b>	<b>Furniture and Fittings</b>	<b>Total</b>
	<b>R000</b>	<b>R000</b>	<b>R000</b>	<b>R000</b>	<b>R000</b>	<b>R000</b>
<b>GROUP</b>						
Reconciliation of movement of property, plant and equipment for the year ended 30 September 2005						
<b>Cost</b>						
At beginning of year	2 881	2 066	8 084	20 337	8 198	41 566
Additions	531	984	1 326	3 654	1 048	7 543
Disposals	(16)	–	(1 266)	(956)	(76)	(2 314)
Transfers	–	–	–	–	1	1
Revaluation	–	–	–	–	(2)	(2)
<b>At end of year</b>	<b>3 396</b>	<b>3 050</b>	<b>8 144</b>	<b>23 035</b>	<b>9 169</b>	<b>46 794</b>
<b>Accumulated depreciation</b>						
At beginning of year	2 112	1 349	3 629	13 969	3 968	25 027
Charge for year	360	350	1 793	3 723	1 126	7 352
Disposals	(16)	–	(878)	(841)	(54)	(1 789)
Transfers	–	–	–	–	1	1
Revaluation	–	–	–	–	(1)	(1)
<b>At end of year</b>	<b>2 456</b>	<b>1 699</b>	<b>4 544</b>	<b>16 851</b>	<b>5 040</b>	<b>30 590</b>
<b>Net book value 30 September '05</b>	<b>940</b>	<b>1 351</b>	<b>3 600</b>	<b>6 184</b>	<b>4 129</b>	<b>16 204</b>
<b>COMPANY</b>						
Reconciliation of movement of property, plant and equipment for the year ended 30 September 2005						
<b>Cost</b>						
At beginning of year	2 881	2 056	7 162	20 287	8 086	40 471
Additions	531	984	1 080	3 647	1 046	7 288
Disposals	(16)	–	(1 266)	(955)	(76)	(2 313)
Transfers	–	–	–	–	1	1
Revaluation	–	–	–	–	–	–
<b>At end of year</b>	<b>3 396</b>	<b>3 040</b>	<b>6 976</b>	<b>22 979</b>	<b>9 057</b>	<b>45 447</b>
<b>Accumulated depreciation</b>						
At beginning of year	2 112	1 354	3 399	13 932	3 912	24 709
Charge for year	360	349	1 502	3 711	1 111	7 033
Disposals	(16)	–	(878)	(841)	(54)	(1 789)
Transfers	–	–	–	–	1	1
Revaluation	–	–	–	–	–	–
<b>At end of year</b>	<b>2 456</b>	<b>1 703</b>	<b>4 023</b>	<b>16 802</b>	<b>4 970</b>	<b>29 954</b>
<b>Net book value 30 September '05</b>	<b>940</b>	<b>1 337</b>	<b>2 953</b>	<b>6 177</b>	<b>4 087</b>	<b>15 493</b>

**NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30 September 2006 *(continued)*

<b>Company</b>			<b>Group</b>	
12 months	<b>12 months</b>		<b>12 months</b>	12 months
2005	<b>2006</b>		<b>2006</b>	2005
R000	<b>R000</b>		<b>R000</b>	R000
<b>3. Investment properties</b>				
331	<b>331</b>	Open market value at beginning of the year	<b>331</b>	331
-	<b>1 836</b>	Additions	-	-
-	-	Revaluation	-	-
331	<b>2167</b>	Open market value at end of the year	<b>331</b>	331
<p>Investment properties were revalued in September 2004 by Mr TD Cullinan MIV (SA) Registered Valuer, SA Council of Valuers. Offers to purchase have been received for some of the properties. However, all offers received are subject to suspensive conditions such as rezoning and subdivisions. Until such time as the suspensive conditions have been met, the board of directors are of the opinion that the market value has not changed from the previous valuation and therefore no adjustment has been made. Registers containing the information required by the Companies Act are available for inspection at the registered offices of the company and its subsidiaries.</p>				
<b>4. Goodwill</b>				
7 805	<b>10 805</b>	Cost at beginning of the year	<b>11 869</b>	9 909
3 000	-	Additions	<b>11 602</b>	3 000
-	-	Disposals	-	-
-	-	Impairment	-	(990)
-	-	Transfers	-	-
-	-	Revaluation	<b>331</b>	(50)
10 805	<b>10 805</b>	Cost at end of year	<b>23 802</b>	11 869
<b>5. Intangible assets</b>				
18 996	<b>22 400</b>	Cost at beginning of the year	<b>22 400</b>	18 996
3 779	<b>3 712</b>	Additions	<b>3 712</b>	3 779
(375)	<b>(91)</b>	Disposals	<b>(91)</b>	(375)
-	-	Transfers	-	-
-	-	Revaluation	-	-
22 400	<b>26 021</b>	Cost at the end of the year	<b>26 021</b>	22 400
1 122	<b>1 074</b>	Accumulated amortisation	<b>1 074</b>	1 122
285	<b>661</b>	Charge for the year	<b>661</b>	285
(333)	<b>(91)</b>	Disposals	<b>(91)</b>	(333)
-	<b>90</b>	Transfers	<b>90</b>	-
-	-	Revaluation	-	-
1 074	<b>1 734</b>	Cost at the end of the year	<b>1 734</b>	1 074
21 326	<b>24 287</b>	Net carrying value	<b>24 287</b>	21 326

**NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30 September 2006 *(continued)*

Company			Group	
12 months	12 months		12 months	12 months
2005	2006		2006	2005
R000	R000		R000	R000
		<b>6. Deferred tax</b>		
		<b>6.1 Deferred tax asset</b>		
12 000	<b>4 193</b>	Asset at the beginning of the year	<b>4 193</b>	12 000
(9 942)	<b>(834)</b>	Movement in assessed losses	<b>(834)</b>	(9 942)
2 535	<b>214</b>	Movement in provisions and other timing differences	<b>214</b>	2 535
(400)	<b>-</b>	Change in tax rate	<b>-</b>	(400)
<b>4 193</b>	<b>3 573</b>	Asset at the end of the year	<b>3 573</b>	<b>4 193</b>
		Deferred tax asset comprises:		
834	<b>-</b>	Assessed losses	<b>-</b>	834
3 359	<b>3 573</b>	Provisions and other timing differences	<b>3 573</b>	3 359
<b>4 193</b>	<b>3 573</b>		<b>3 573</b>	<b>4 193</b>
		<b>6.2 Deferred tax liability</b>		
-	<b>-</b>	Liability on acquisition of subsidiary	<b>(1 219)</b>	-
-	<b>-</b>	Movement in provisions and other timing differences	<b>(22)</b>	-
-	<b>-</b>	Liability at the end of the year	<b>(1 241)</b>	-
		Deferred tax liability comprises:		
-	<b>-</b>	Provisions not deductible	<b>73</b>	9 967
-	<b>-</b>	Property, plant and equipment	<b>(1 314)</b>	242
-	<b>-</b>		<b>(1 241)</b>	
		<b>7. Inventories</b>		
9 967	<b>10 936</b>	Finished goods/merchandise	<b>10 936</b>	9 967
242	<b>106</b>	Consumables	<b>106</b>	242
<b>10 209</b>	<b>11 042</b>		<b>11 042</b>	<b>10 209</b>
		<b>8. Preference share capital</b>		
1 000	<b>1 000</b>	Share capital (note 9)	<b>1 000</b>	1 000
46	<b>46</b>	Share premium	<b>46</b>	46
<b>1 046</b>	<b>1 046</b>		<b>1 046</b>	<b>1 046</b>
		The cumulative preference shareholders are entitled to the preference share premium of 10 cents per share only in the event of a winding up.		

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2006 (continued)

Company			Group	
12 months	12 months		12 months	12 months
2005	2006		2006	2005
R000	R000		R000	R000
		<b>9. Share capital</b>		
		<i>Authorised</i>		
		Ordinary share capital		
34 124	<b>34 124</b>	3 412 375 874 ordinary shares of 1 cent each	<b>34 124</b>	34 124
		Preference share capital		
1 000	<b>1 000</b>	500 000 5,5% cumulative preference shares of R2 each	<b>1 000</b>	1 000
4	<b>4</b>	42 604 574 redeemable preference shares of 0,01 cent each	<b>4</b>	4
1	<b>1</b>	100 000 variable rate redeemable cumulative preference shares of 1 cent each	<b>1</b>	1
8 500	<b>8 500</b>	100 000 convertible variable rate cumulative redeemable preference shares of R85 each	<b>8 500</b>	8 500
-	<b>-</b>	25 000 cumulative redeemable convertible preference shares of 1 cent each	<b>-</b>	-
9 505	<b>9 505</b>		<b>9 505</b>	9 505
		<i>Issued</i>		
		Ordinary share capital		
7 182	<b>7 183</b>	718 271 871 (2005: 718 188 538) ordinary shares of 1c each	<b>7 183</b>	7 182
		Preference share capital		
1 000	<b>1 000</b>	500 000 5,5% cumulative preference shares of R2 each	<b>1 000</b>	1 000
		<i>Unissued ordinary shares</i>		
		(a) 57 039 983 ordinary shares of 1 cent each (2005: 56 956 650 ordinary shares of 1 cent each) remain reserved for issue and allotment to participants in terms of the Cullinan Holdings Limited Employees' Share Purchase and Option Scheme.		
		(b) 2 694 104 003 ordinary shares of 1 cent each are under the control of the directors until the next annual general meeting of the company.		
		<b>10. Share capital reduction reserve fund</b>		
		In terms of section 84 of the Companies Act, an Order of Court was made in 1997 to reduce the issued ordinary share capital of the company. The existing shares were reduced from ordinary shares with a par value of 50 cents each to ordinary shares with a par value of 1 cent each. The remaining capital of 49 cents per share was transferred to a non-distributable reserve to be treated as share premium. No distribution to shareholders resulted from this reduction in share capital		
20 876	<b>20 876</b>		<b>20 876</b>	20 876

**NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30 September 2006 (continued)

Company			Group	
12 months	12 months		12 months	12 months
2005	2006		2006	2005
R000	R000		R000	R000
		<b>11. Capital redemption reserve fund</b>		
		The capital redemption reserve fund was created on 1 June 1998 as a result of the redemption of 42 604 574 redeemable preference shares of 0,01 cent each		
4	4		4	4
		<b>12. Reserves</b>		
		<b>12.1 Foreign currency translation reserve</b>		
		The foreign currency translation reserve reflects the differences on the translation of a foreign subsidiary into the reporting currency		
-	-		(1 318)	55
		<b>12.2 Fixed asset revaluation reserve</b>		
		The fixed asset revaluation reflects the surplus of asset valuations over the original cost net of deferred tax		
-	30		95	-
		<b>13. Commitments and guarantees</b>		
		<b>13.1 Commitments in respect of capital expenditure</b>		
		Contracted	3 124	3 798
3 798	2 882	Authorised by the directors but not contracted	-	4 150
4 150	-	These commitments will be settled with cash generated from normal operating activities.		
7 948	2 882		3 124	7 948
		<b>13.2 Operating lease commitments</b>		
		Within 1 year	16 600	14 402
14 402	16 126	2 - 5 years	51 106	41 007
41 007	50 541	> 5 years	51 691	54 554
54 554	51 691			
		<b>13.3 Guarantees</b>		
		Bank guarantees in favour of creditors	8 196	9 859
9 859	8 196	The group provides guarantees to airlines, customs, parks boards and other suppliers.		

**NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30 September 2006

**14. Provisions**

Provisions for the group and company at 30 September 2005 can be summarised as follows:

	Balance at 1 October 2004 (R000)	Amounts used during the year (R000)	Additional provisions raised (R000)	Unused amounts reversed (R000)	Balance at 30 September 2005 (R000)
<b>Group</b>					
Leave pay provision	2 619	(1 161)	2 383	-	3 841
Bonus provision	1 320	(1 291)	2 442	-	2 471
13th cheque provision	3 244	(3 354)	4 328	-	4 218
Restructuring costs	2 028	(876)	454	(55)	1 551
<b>Total provisions</b>	<b>9 211</b>	<b>(6 682)</b>	<b>9 607</b>	<b>(55)</b>	<b>12 081</b>
<b>Company</b>					
Leave pay provision	2 619	(1 161)	2 383	-	3 841
Bonus provision	1 320	(1 291)	2 442	-	2 471
13th cheque provision	3 244	(3 354)	4 278	-	4 168
Restructuring costs	2 028	(876)	454	(55)	1 551
<b>Total provisions</b>	<b>9 211</b>	<b>(6 682)</b>	<b>9 557</b>	<b>(55)</b>	<b>12 031</b>

Provisions for the group and company at at 30 September 2006 can be summarised as follows:

	Balance at 1 October 2005 (R000)	Amounts used during the year (R000)	Additional provisions raised (R000)	Unused amounts reversed (R000)	Balance at 30 September 2006 (R000)
<b>Group</b>					
Leave pay	3 841	-	983	-	4 824
Bonus provision	2 471	(2 471)	-	-	-
13th cheque	4 218	(4 218)	-	-	-
Restructuring costs	1 551	(604)	1 270	-	2 217
<b>Total provisions</b>	<b>12 081</b>	<b>(7 293)</b>	<b>2 253</b>	<b>-</b>	<b>7 041</b>
<b>Company</b>					
Leave pay	3 841	-	891	-	4 732
Bonus provision	2 471	(2 471)	-	-	-
13th cheque	4 168	(4 168)	-	-	-
Restructuring costs	1 551	(604)	1 270	-	2 217
<b>Total provisions</b>	<b>12 031</b>	<b>(7 243)</b>	<b>2 161</b>	<b>-</b>	<b>6 949</b>

<b>Company</b>			<b>Group</b>	
12 months 2005 R000	12 months 2006 R000		12 months 2006 R000	12 months 2005 R000
		<b>15. Long term loans</b>		
-	25 000	- Term loan	2 500	-
-	1 490	- Financial lease obligations	8 025	-
1 371	2 714	- Onerous contract accrual	2 805	1 371
<b>1 371</b>	<b>29 204</b>		<b>35 830</b>	<b>1 371</b>
		<b>16. Revenue</b>		
		Comprises:		
201 352	230 362	Commissions	245 553	206 523
23 776	23 523	Sale of goods	23 523	23 776
225 128	253 885		269 076	230 299

**NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30 September 2006 *(continued)*

Company			Group	
12 months	12 months		12 months	12 months
2005	2006		2006	2005
R000	R000		R000	R000
		<b>17. Operating income/(loss) before exceptional items</b>		
		– continuing operations		
		is arrived at after taking into account:		
		Auditors' remuneration		
863	<b>866</b>	Audit fees	<b>899</b>	908
8	–	Prior year under/(over) provision	–	15
10	–	Other fees	<b>79</b>	70
–	–	Expenses	<b>9</b>	–
<b>881</b>	<b>866</b>		<b>987</b>	993
		Depreciation		
360	<b>499</b>	Buildings and leasehold improvements	<b>520</b>	360
6 956	<b>6 044</b>	Plant, vehicles and equipment	<b>6 802</b>	7 275
<b>7 316</b>	<b>6 543</b>		<b>7 322</b>	7 635
(70)	<b>(131)</b>	(Profit)/loss on disposal of assets	<b>(93)</b>	(70)
		Rentals in respect of operating leases		
11 681	<b>15 475</b>	Land and buildings	<b>15 758</b>	11 937
688	<b>984</b>	Plant, vehicles and equipment	<b>1 173</b>	840
<b>12 369</b>	<b>16 459</b>		<b>16 931</b>	12 777
		Services rendered to third parties		
90	<b>436</b>	Management fees	–	–
36	–	Technical fees	<b>8</b>	–
<b>126</b>	<b>436</b>		<b>8</b>	–
(18)	<b>(163)</b>	Foreign exchange gains/(losses)	<b>(163)</b>	55
98 012	<b>119 224</b>	Staff costs	<b>122 066</b>	99 623
		<b>18. Exceptional items</b>		
–	–	Impairment of goodwill	–	(1 040)
(1 362)	–	Computer implementation costs	–	(1 362)
215	<b>71</b>	Other	–	266
(391)	<b>(1 629)</b>	Acquisition costs	<b>(1 629)</b>	(391)
<b>(1 538)</b>	<b>(1 558)</b>		<b>(1 629)</b>	(2 527)

**NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30 September 2006 *(continued)*

**19. Directors' emoluments**

<b>Executive Directors</b>	LA	QA	AA	
<b>RAND</b>	Pampallis	Southey	Thompson	<b>Total</b>
<b>2005</b>				
Fees for services as a director	-	-	-	-
Basic salary	1 137 216	1 039 841	1 300 149	<b>3 477 206</b>
Bonuses and performance-related payments	-	-	-	-
Benefits	80 316	-	-	<b>132 965</b>
Retirement fund contributions	<b>50 932</b>	23 396	55 256	<b>76 935</b>
	<b>1 268 464</b>	<b>1 063 237</b>	<b>1 355 405</b>	<b>3 687 106</b>
<b>2006</b>				
Fees for services as a director	-	-	-	-
Basic salary	1 224 494	826 131	1 375 527	3 426 152
Bonuses and performance-related payments	209 960	-	223 530	433 490
Benefits	76 983	13 832	25 677	116 492
Retirement fund contributions	55 116	-	35 754	90 870
	<b>1 566 553</b>	<b>839 963</b>	<b>1 660 488</b>	<b>4 067 004</b>

<b>Non-Executive Directors</b>	MR	
<b>RAND</b>	Bagus	<b>Total</b>
<b>2005</b>		
Fees for services as a director	40 000	<b>40 000</b>
Basic salary	-	-
Bonuses and performance-related payments	-	-
Benefits	-	-
	40 000	<b>40 000</b>
<b>2006</b>		
Fees for services as a director	22 111	<b>22 111</b>
Basic salary	-	-
Bonuses and performance-related payments	-	-
Benefits	-	-
	<b>22 111</b>	<b>22 111</b>

<b>Company</b>			<b>Group</b>	
12 months	12 months		12 months	12 months
2005	2006		2006	2005
R000	R000		R000	R000
<b>20. Taxation</b>				
-	<b>7 494</b>	Current South African normal taxation	<b>7 862</b>	-
7 807	<b>406</b>	Deferred taxation	<b>424</b>	7 807
1 094	<b>905</b>	Secondary taxation on companies	<b>905</b>	1 094
8 901	<b>8 805</b>		<b>9 191</b>	8 901
1 378	-	Estimated taxation losses available for set off against future taxable income	-	2 877

**NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30 September 2006 *(continued)*

Company			Group	
12 months	12 months		12 months	12 months
2005	2006		2006	2005
R000	R000		R000	R000
		<b>21. Income per ordinary share</b>		
		Reconciliation between income and headline income		
		Income attributable to shareholders	<b>18 978</b>	15 266
		Adjust impairment of goodwill	-	1 040
		<b>Headline income</b>	<b>18 978</b>	16 306
		The calculation of attributable profit per ordinary share is based on the weighted average number of shares in issue during the year of 718 271 871 (2005: 718 188 538)		
		The calculation of diluted attributable profit per ordinary share comprises an additional 166 684 shares which is the weighted average of outstanding options during the year.		
		A dividend of 1 cent per share was declared during the year.		
		<b>22. Notes to the cash flow statement</b>		
		<b>22.1 Cash generated/(utilised) by operations</b>		
21 560	<b>20 866</b>	Operating income	<b>23 575</b>	20 725
		Adjustments for:		
-	-	- Amortisation of goodwill	-	-
-	-	- Impairment of goodwill	-	990
-	-	- Revaluation of goodwill	<b>(331)</b>	50
-	-	- Revaluation of property, plant and equipment	-	1
7 316	<b>6 543</b>	- Depreciation	<b>7 322</b>	7 635
(70)	<b>(131)</b>	- (Profit)/Loss on disposal of fixed assets	<b>(95)</b>	(70)
-	-	- Deferred tax change	-	-
-	-	- Translation of foreign operation	<b>(1 373)</b>	67
28 806	<b>27 278</b>	Cash generated before working capital changes	<b>29 098</b>	29 398
(460)	<b>(833)</b>	Decrease/(Increase) in inventories	<b>(833)</b>	(460)
19	<b>(8 357)</b>	Decrease/(Increase) in accounts receivable	<b>(8 141)</b>	19
10 881	<b>26 831</b>	(Decrease)/Increase in accounts payable/provisions	<b>26 536</b>	9 928
(230)	<b>230</b>	Decrease/(Increase) in amounts owing by subsidiaries and joint ventures	<b>230</b>	(230)
38 474	<b>45 149</b>	Cash generated by operations	<b>46 890</b>	38 655
		<b>22.2 Preference dividends paid</b>		
(208)	<b>(15)</b>	Amount outstanding at beginning of period	<b>(15)</b>	(208)
(1 566)	<b>(54)</b>	Income statement charge	<b>(54)</b>	(1 566)
15	<b>14</b>	Amount outstanding at end of period	<b>14</b>	15
(1 759)	<b>(55)</b>	Preference dividend paid	<b>(55)</b>	(1 759)
		<b>22.3 Taxation paid</b>		
(22)	<b>(2)</b>	Amount outstanding at beginning of period	<b>(2)</b>	(22)
(1 094)	<b>(8 399)</b>	Income statement charge	<b>(8 767)</b>	(1 094)
-	-	Acquisition of subsidiary	<b>(559)</b>	-
2	<b>7 494</b>	Amount outstanding at end of period	<b>7 621</b>	2
(1 114)	<b>(907)</b>	Taxation refund/(paid)	<b>(1 707)</b>	(1 114)
-	-	Normal taxation	<b>(800)</b>	-
(1 114)	<b>(907)</b>	Secondary taxation on companies	<b>(907)</b>	(1 114)

**NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30 September 2006 *(continued)*

Company			Group	
12 months	12 months		12 months	12 months
2005	2006		2006	2005
R000	R000		R000	R000
		<b>22.4 Amount (paid)/received on acquisition of subsidiary</b>		
-	-	Property, plant and equipment	21 299	-
-	-	Accounts receivable	4 340	-
-	-	Cash on hand and in bank	1 050	-
-	-	Fixed asset revaluation	(65)	-
-	-	Deferred tax liability	(1 219)	-
-	-	Long term loans	(2 075)	-
-	-	Short term loans	(1 232)	-
-	-	Accounts payable	(1 044)	-
-	-	Provisions	(78)	-
-	-	Receiver of Revenue	(559)	-
-	-	Net asset value	20 417	-
-	-	Goodwill on acquisition	11 602	-
-	(32 019)	Payment of acquisition price	(32 019)	-
-	-	Cash acquired	1 050	-
-	(32 019)	Nett cash (outflow) on acquisition	(30 969)	-
		<b>22.5 Cash and cash equivalents</b>		
99 934	116 975	Cash resources	124 826	101 790
99 934	116 975	Cash and cash equivalents	124 826	101 790
		<b>23. Group retirement benefits</b>		
		It is the Cullinan group's policy to provide retirement benefits for certain employees by payments to an independently managed provident fund. The fund, governed by the Pension Funds Act of 1956, incorporates retirement benefits, disability benefits and life cover. Contributions to the fund are charged against profits as they are incurred.		
		In 1999, the company received R3.85m from the surplus distribution of one of its pension funds. During the same period, one of its then subsidiaries, Midmacor Industries Limited, received a surplus distribution of R38m from the same pension fund. The Financial Services Board has investigated these transactions and the company has co-operated fully in this regard and will continue to do so.		
		No provision has been made other than for legal costs to date. No claim has been made against the company and the amount of any potential claim cannot be estimated with certainty. A claim in this regard will be opposed.		
		During March and April 2002, and as part of a larger transaction in terms of which Midmacor Industries Limited and associated companies were sold by the company, an indemnity was given to the company by various parties in relation to the 1999 pension fund distributions. At the same time a transaction was concluded which resulted in a change of control of the company. The new controlling shareholder, who had no previous interest in the company or involvement with the pension funds, secured the indemnity referred to above as part of the sale transaction. These indemnities will be relied upon in the event of a claim being successful against the company.		
1 899	2 406	Contributions recognised as an expense during the year.	2 427	1 912

24. Financial instruments

24.1 Foreign currency management

The group is exposed to foreign currency risk through its transactions in foreign currencies. The group manages this through contracting to buy or sell foreign currencies at forward rates which it believes will hedge its risk arising from changes in foreign currency exchange rates. Details of hedged and unhedged exposures are as follows:

24.1.1 Foreign currency assets and liabilities at year-end

Included in the group balance sheet at year-end are the following monetary assets and liabilities denoted in foreign currency:

	GBP ('000's)	MUR ('000's)	USD ('000's)	HKD ('000's)	Euro ('000's)	AUD ('000's)	THB ('000's)	JPY ('000's)	MYR ('000's)	SGD ('000's)	NZD ('000's)	BWP ('000's)	CAD ('000's)	NMD ('000's)
Accounts receivable	14	168	1 364	-	106	3	-	-	503	-	-	29	-	-
Accounts payable	(160)	(25 108)	(5 538)	(1 313)	(1 630)	(485)	(20 464)	(1 730)	(298)	(1 574)	(10)	(334)	(8)	(27)
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash balances	363	15 178	5 304	-	1 490	-	-	-	-	89	-	-	-	-
Net foreign currency assets/ (liabilities) before forward exchange contracts	218	(9 761)	1 130	(1 313)	(35)	(481)	(20 464)	(1 730)	205	(1 485)	(10)	(305)	(8)	(27)

24.1.2 Open forward exchange contracts at year-end

To compensate for the above unhedged foreign currency position, the following forward exchange contracts are open at year-end:

	GBP ('000's)	MUR ('000's)	USD ('000's)	HKD ('000's)	Euro ('000's)	AUD ('000's)	THB ('000's)	JPY ('000's)	MYR ('000's)	SGD ('000's)	NZD ('000's)	BWP ('000's)	CAD ('000's)	NMD ('000's)
Contracts to buy	28	3 454	279	-	369	-	-	1 892	-	-	-	-	-	-
Contracts to sell	-	-	(3 750)	-	-	-	-	-	-	-	-	-	-	-
Net commitment	28	3 454	(3 471)	-	369	-	-	1 892	-	-	-	-	-	-

Maturity date range

from 13/10/06 to 22/12/06 20/10/06 6/10/06 2/10/06 13/10/06

to 22/12/06 18/9/07 28/2/07 9/2/07

Maturity rate range

from 11.08 to 13.95 4.23 4.58 6.47 7.73 8.75 9.60 15.86

24.1.3 (Unhedged)/Overcommitted foreign currency position at year-end

	GBP ('000's)	MUR ('000's)	USD ('000's)	HKD ('000's)	Euro ('000's)	AUD ('000's)	THB ('000's)	JPY ('000's)	MYR ('000's)	SGD ('000's)	NZD ('000's)	BWP ('000's)	CAD ('000's)	NMD ('000's)
	246	(6 307)	(2 341)	(1 313)	334	(481)	(20 464)	161	205	(1 485)	(10)	(305)	(8)	(27)

\* For currency key, please refer to page 43

**NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30 September 2006 *(continued)*

**Currency Key:**

<b>GBP</b>	British Pound Sterling
<b>MUR</b>	Mauritian Rupees
<b>USD</b>	United States Dollar
<b>HKD</b>	Hong Kong Dollar
<b>Euro</b>	European Union Euro
<b>AUD</b>	Australian Dollar
<b>THB</b>	Thailand Baht
<b>JPY</b>	Japanese Yen
<b>MYR</b>	Malaysian Ringitt
<b>SGD</b>	Singapore Dollar
<b>NZD</b>	New Zealand Dollar
<b>BWP</b>	Botswana Pula
<b>CAD</b>	Canadian Dollar
<b>NMD</b>	Namibian Dollar

**24.2 Interest rate risk**

The group is exposed to interest rate fluctuations on its bank balances and the redeemable preference shares. The group has not entered into any derivative contracts to limit this exposure.

**24.3 Credit risk**

The group is exposed to credit risk through its investments in accounts receivable. The group manages this risk through adopting, where applicable, comprehensive credit checks, continual credit limit reviews, and obtains security for any amounts advanced by way of loans, where this is considered necessary.

The group's credit exposure can be analysed as follows:

	<b>Group R000</b>	<b>Company R000</b>
<b>Industry</b>		
Tourism and Leisure	71 825	68 632
Other	3 407	3 407
	<b>75 232</b>	<b>72 039</b>
<b>Location</b>		
Singapore	3 659	–
South Africa	71 573	72 039
	<b>75 232</b>	<b>72 039</b>

**24.4 Liquidity risk**

The group manages its exposure to liquidity risk by monitoring actual against approved forecast cash flows and ensuring that adequate provision will be made to fund future cash flow requirements. As at the year-end, the directors believed that sufficient funds were available to meet these requirements.

**24.5 Fair value of financial instruments**

The carrying values of financial instruments on the face of the balance sheet and in the notes accurately represent their fair values.

**25. Related parties**

**25.1 Identity of related parties**

An analysis of the shareholding as at 30 September 2006 is presented on pages 2 and 3.

The subsidiaries of the group are identified on pages 45 and 46.

The directors are listed in the Directors' report on pages 15 and 16.

The group's head offices and the Thompsons Johannesburg operation in Rosebank are leased from Motolla Property Investments (Pty) Ltd, an entity to which one of the group's shareholders, Travcorp Financial Services Limited, is a related party.

**25.2 Material related party transactions**

Directors' emoluments – see note 19

Dividends (paid)/received – see note 20

Rentals paid to Motolla Property Investments (Pty) Ltd amounted to R2 416 575.

**25.2.1 Transactions with related parties in the group**

Management fees amounting to R435 966 were charged by Cullinan Holdings Limited to Thompsons Indaba Safaris KZN (Pty) Ltd during the year.

**26. Contingent Liabilities**

There were no contingent liabilities at 30 September 2006 except as noted in note 23.

## INTEREST IN SUBSIDIARIES

Directly held	Amount of capital	Percentage held directly by holding company		Book value of shares		Amounts owing by/(to) subsidiaries (note 3)	
		2006	2005	2006	2005	2006	2005
		%	%	R000	R000	R000	R000
Cullinan Properties Limited	R316 734	100	100	317	317	(3 363)	(3 387)
Motor en Industriële Eiendomme (Edms) Beperk	R2	100	100	-	-	-	(71)
P & R Travel (Pty) Limited	R100	80	80	-	-	-	-
Thompsons Indaba Safaris KZN (Pty) Ltd	R100	75	75	-	-	-	-
Thompsons Gateway							
PTE Limited – Singapore	\$100	70	70	304	304	-	-
Hylton Ross Tours (Pty) Ltd	R100	100	-	32 019	-	-	-
Investments in indirectly held subsidiaries				32 640	621	(3 363)	(3 458)
Shares at book value				-	-	-	-
				32 640	621	(3 363)	(3 458)
						29 277	(2 837)

**Note:** The loans from the subsidiaries are interest free, unsecured and have no fixed terms of repayment.

**INTEREST IN SUBSIDIARIES** *(continued)*

Indirectly held	Amount of capital	Percentage held indirectly by holding company		Amounts owing by/(to) subsidiaries	
		2006	2005	2006	2005
		%	%	R000	R000
Danse Kraal Investments (Pty) Limited	R200	85	85	-	-
Illovo Investments (Pty) Limited	R202	94	94	-	-

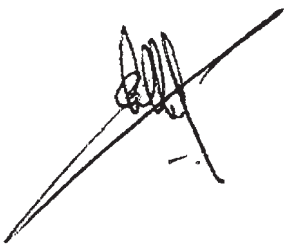
## **NOTICE OF MEETING**

Notice is hereby given that the 103rd annual general meeting of members of the company will be held at Thompsons Tours Head Office, Second Floor, The Travel House, 6 Hood Avenue, Rosebank, on Wednesday 28 February 2007 at 09h00 for the purposes of considering and, if deemed fit, passing with or without modification, the ordinary resolutions set out below:

### **ORDINARY RESOLUTIONS**

1. To receive the annual financial statements for the year ended 30 September 2006, including the directors' report and the report of the auditors thereon.
2. To re-elect directors:
  - 2.1 To re-elect VET O'Hana and M Tollman who retire in accordance with the company's Articles of Association, and being eligible, offer themselves for re-election.
3. To place the unissued shares under the control of the directors.
4. To re-appoint BDO Spencer Steward Inc (Jhb) as auditors of the company.
5. To authorise the directors to approve the auditors' remuneration.

*By order of the board*



**QA Southey**

*Group Secretary*

**13 December 2006**