

CULLINAN HOLDINGS LIMITED
 TOURISM AND LEISURE
 (Registration number 1902/001808/06)
 (CUL ISIN: ZAE000013710)
 (CULP ISIN: ZAE000001947)

CULLINAN HOLDINGS LIMITED
 TOURISM, LEISURE AND FINANCIAL SERVICES
 UNREVIEWED CONDENSED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2017

GROUP FINANCIAL HIGHLIGHTS

Group condensed statement of financial position

	Unreviewed six months 31 March 2017 R'000	Audited Year end 30 September 2016 R'000
ASSETS		
Non-current assets	439 626	409 239
Property, plant and equipment	282 323	255 428
Investment properties	13 350	13 350
Goodwill	100 405	100 030
Intangible assets	21 181	20 595
Investment in associates and joint ventures	17 633	15 133
Deferred tax asset	4 734	4 703
Current assets	755 143	728 833
Inventories	49 009	43 175
Trade and other receivables	480 522	441 214
Other financial assets	11 242	3 829
Current tax receivable	96	10 921
Cash and cash equivalents	214 274	229 694
Total assets	1 194 769	1 138 072
EQUITY AND LIABILITIES		
Share capital	162 973	157 634
Reserves	38 696	38 411
Retained income	334 139	290 812
Non-controlling interest	2 320	3 291
Total shareholders' equity	538 128	490 148
Non-current liabilities	65 148	66 796
Loans from shareholders	45 000	45 000
Other financial liabilities	500	500
Operating lease liability	7 447	9 073
Deferred tax liability	12 201	12 223
Current liabilities	591 493	581 128
Trade and other payables	577 752	575 507
Other financial liabilities	38	942
Operating lease liability	706	857
Current tax payable	5 054	1 496
Provisions	7 562	1 956
Dividend payable	17	17
Bank overdraft	364	353
Total equity and liabilities	1 194 769	1 138 072

Group condensed statement of comprehensive income

	Unreviewed six months 31 March 2017 R'000	Unreviewed six months 31 March 2016 Restated R'000
Revenue	525 761	470 543
Turnover	521 068	463 653
Cost of sales	(168 299)	(169 461)
Gross profit	352 769	294 192
Other income	17 365	21 232
Operating expenses	(301 501)	(254 427)
Trading profit	68 633	60 997
Investment revenue	4 693	6 890
Finance expenses	(2 429)	(3 055)
Income from equity accounted investments	2 499	117
Profit before taxation	73 396	64 949
Tax expense	(22 612)	(18 154)
Profit for the period	50 784	46 795
Other comprehensive income:		
Exchange differences on translating foreign operations	172	(421)
Effects of cash flow hedges	-	(1 416)
Total comprehensive income for the period	50 956	44 958
Profit attributable to:		
equity holders	51 329	46 447
non-controlling interest	(545)	348
Total comprehensive income attributable to:		
equity holders	51 501	44 610
non-controlling interest	(545)	348
Basic earnings per share (cents)	6.41	5.80
Diluted earnings per share (cents)	6.30	5.70

Group condensed statements of changes in equity

	Unreviewed six months 31 March 2017 R'000	Unreviewed six months 31 March 2016 R'000
Ordinary share capital		
Balance at beginning of period	8 002	8 002
Issue of shares	28	-
Balance at end of period	8 030	8 002
Share premium		
Balance at beginning of period	149 086	149 086
Issue of shares	5 311	-
Balance at end of period	154 397	149 086
Share capital reduction reserve fund		
Balance at beginning and end of period	20 876	20 876
Capital redemption reserve fund		
Balance at beginning and end of period	4	4
Foreign currency translation reserve		
Balance at beginning of period	881	(1 574)

- Reserve on translation of foreign subsidiary	172	(421)
Balance at end of period	1 053	(1 995)
Revaluation reserve		
Balance at beginning and end of period	626	870
Share-based payment reserve		
Balance at beginning of period	16 024	10 685
- Share options exercised	(5 058)	-
- Expense for the period	5 171	3 038
Balance at end of period	16 137	13 723
Hedging reserve		
Balance at beginning of period	-	(7 856)
- Expense for the period	-	(1 416)
Balance at end of period	-	(9 272)
Retained income		
Balance at beginning of period	290 812	236 497
Attributable profit for period	51 329	46 447
Ordinary dividend paid	(8 002)	(8 002)
Balance at end of period	334 139	274 942
Non-controlling interest		
Balance at beginning of period	3 291	3 218
- Profit attributable to non-controlling interest	(545)	348
- Dividend paid to non-controlling interest	(426)	(732)
Balance at end of period	2 320	2 834

Group condensed statement of cash flows

	Unreviewed six months 31 March 2017 R'000	Unreviewed six months 31 March 2016 R'000
Trading profit	68 633	60 997
Depreciation and amortisation	21 059	20 986
Other non-cash items	2 700	9 195
Cash generated before working capital changes	92 392	91 178
(Increase)/decrease in inventories	(5 834)	5 048
(Increase)/decrease in receivables	(39 308)	63 683
Increase/(decrease) in payables	2 229	(58 112)
Cash generated by operations	49 479	101 797
Dividends paid	(8 002)	(8 002)
Net finance charges	2 264	3 835
Taxation paid	(8 229)	(8 763)
Net cash inflow from operating activities	35 512	88 867
Additions to property, plant and equipment	(48 528)	(28 306)
Net cash outflow from investing activities	(48 528)	(28 306)
Net cash (outflow) from financing activities	(145)	(732)
Net (decrease)/increase in cash and cash equivalents	(13 161)	59 829
Effect of exchange rate changes on cash and cash equivalents	(2 270)	(1 077)
Cash and cash equivalents at beginning of the period	229 341	108 369
Cash and cash equivalents at end of the period	213 910	167 121

Notes

1. Basis of preparation

The unreviewed condensed consolidated results for the six months ended 31 March 2017 have been prepared in

accordance with and contain information required by International Accounting Standard (IAS) 34: Interim Financial Reporting, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Listings Requirements of the Johannesburg Stock Exchange ("JSE") and the South African Companies Act, 71 of 2008, as amended. The accounting policies as well as the methods of computation used in the preparation of the reviewed results for the six months ended 31 March 2017, are in terms of the International Financial Reporting Standards (IFRS) and are consistent with those applied in the audited annual financial statements for the year ended 30 September 2016. The unreviewed results are presented in Rands, which is Cullinan Holdings Limited's presentation currency.

The unreviewed condensed consolidated interim results for the six months ended 31 March 2017 have been prepared under the supervision of D Standage CA(SA), the financial director of the group.

2. Notes to the statement of comprehensive income

	Unreviewed six months 31 March 2017	Unreviewed six months 31 March 2016
Ordinary shares ('000)		
- In issue	803 033	800 173
- Weighted average	800 650	800 173
- Diluted weighted average	814 245	815 221
	R'000	R'000
Determination of headline earnings		
Earnings attributable to ordinary shareholders	51 329	46 447
Headline earnings	51 329	46 447
Headline earnings per share (cents)	6.39	5.80
Diluted headline earnings per share (cents)	6.30	5.70
Dividends per share (cents)	1.00	1.00
Net asset value per share (cents)	67.21	57.44

3. Shares issued

During the period, 2 810 000 shares were issued for options exercised.

4. Segmental reporting

	Travel and Tourism R'000	Marine and Boating R'000	Financial Services R'000	Corporate Services R'000	Total R'000
31 March 2017					
Revenue	459 858	34 480	21 154	10 269	525 761
Trading profit	91 629	2 861	2 023	(27 880)	68 633
31 March 2016					
Revenue (Restated)	361 788	35 101	66 459	7 195	470 543
Trading profit	74 092	2 720	2 834	(18 649)	60 997

Segmental reporting is aligned with the information that the chief operating decision maker reviews in order to make decisions about the allocation of resources across the business.

5. Fair value information

	Level 1 R'000	Level 2 R'000	Level 3 R'000
31 March 2017			
Investment property			13 350
Foreign exchange contracts		11 204	
31 March 2016			
Investment property			10 900

Foreign exchange contracts

(11 756)

Fair value hierarchy

Level 1 - Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date

Level 2 - Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly

Level 3 - Unobservable inputs for the asset or liability

There have been no transfers between the levels.

Details of valuation

Investment property

The effective date of the revaluations was 30 September 2016. Revaluations were performed by independent valuers, Penny Brothers Brokers & Valuers (Pty) Limited, Holthuizen and Chengiah Property Valuers, H Tryhou Property Consultants and 3600 Properties. None of these independent valuers are connected to the group and have recent experience in location and category of the investment properties being valued. In determining the valuation, the valuator referred to current market comparable sales of similar properties in similar locations. No further valuations are deemed necessary during the year as the property values in the areas have remained relatively stable.

The valuations were based on open market value for existing use.

Foreign exchange contracts

Forward foreign exchange contracts included in financial liabilities at fair value through profit and loss are measured to fair value using quoted market prices (mark to market) provided by the Standard Bank of South Africa Limited.

6. Comparatives

In prior years, foreign exchange gains were included in miscellaneous other revenue as travel costings are very closely integrated with foreign exchange rates used. However the nature of these exchange gains/losses have changed and are no longer closely associated with costings. We therefore believe that these gains will be more correctly reflected within other income and have been classified retrospectively.

OVERVIEW

We are satisfied with our group performance for the six months to 31 March 2017, which saw group revenue increase by 12% to R526m (2016: R471m) and group profit before tax increase by 13% to R73.3m (2016:R64.9m). The group generated R49m (2016: R102m) in cash from operations and ended the six period with R214m in cash resources (2016: R167m). Cash generated was down when compared to March 2016 - primarily due to the increase in debtors as a result of increased sales in the Inbound business.

As mentioned above, the six month period to March 2017 has seen a good performance from our inbound tourism businesses after a poor 2016 year. The performance of the coach transport and touring business units is closely aligned with inbound tourism and also performed well.

The marine division performed acceptably, whilst our local travel businesses generally held their own, with areas showing some weakness during the period. The weakness was as a result of a weaker rand and a more challenging local South African economy.

We are pleased to report that the trade finance business is holding up despite a challenging local economy, and we remain confident that we can continue to grow the financial services division.

The group gearing position remains relatively low. The R100m loan facility concluded with The Travel Corporation in 2014 remains in place. The group currently utilises R45m of the facility which was established to provide backup funding for the financial services division.

As mentioned in our year end report, the company continues to re-invest in improvements to the business. We continue to improve and expand our coach fleet and depots, with R48m in capital expenditure invested in the 6 month period to March 2017, and a further R45m planned to September 2017. This will assist in ensuring that the brand leadership position of our coach fleet is maintained.

Looking at our non-financial measures of performance, we are pleased to report that 28 staff have begun our internal mentorship programme for the 2017 year (169 staff have graduated since the program was started). The mentorship programme is aimed at upskilling and developing

employees in our group and has significantly contributed towards personal growth and career advancement thus far.

The group is a member of The Treadright Foundation, established by The Travel Corporation Ltd to assist in achieving sustainable tourism. The Treadright Foundation is a non-profit foundation which aims to encourage sustainable tourism through conservation, leadership and support for communities. It has undertaken over 40 projects globally, including projects focused on preventing the destruction of endangered species, such as rhino, sharks and lions. The Foundation also supports a number of community projects amongst its various other projects.

Future prospects

We remain optimistic for the 2017 year, despite a challenging environment with increased uncertainty in the world. Forward bookings are positive at present and the inbound tourism market is expected to remain upbeat for the balance of 2017.

Aside from investing in our business to continue the organic growth, we will continue to look for opportunities and acquisitions in the tourism and financial services sectors, whilst maintaining our focus on delivering exceptional service and value to our customers.

The group has declared an interim dividend of 1c per share. We would like to take this opportunity to thank our board, executives, our staff and our partners for their support and for a great effort and contribution during the first half of the 2017 year.

On Behalf of the Board

G Tollman
Chairman
6 June 2017

M Tollman
Chief Executive Officer

D Standage
Financial Director

Auditors

Mazars were re-elected as auditors in 2017.

Sponsor

Arbor Capital Sponsors (Pty) Limited
(Registration number 2006/033725/07)

Directors

Executive: M TOLLMAN, LA PAMPALLIS, DK STANDAGE, L TOLLMAN
Non-Executive: G TOLLMAN (Chairman) #, DD HOSKING #, R ARENDSE, M BURTON, A MENDIRATTA #
Non-resident

Transfer secretaries

Computershare Investor Services (Pty) Limited,
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

Company secretary
B Allison

For further information on group activities, please write to:

The Company Secretary, Cullinan Holdings Limited,
PO Box 41032, Craighall, 2024
(Registration number 1902/001808/06)
(CUL ISIN: ZAE000013710)
(CULP ISIN: ZAE000001947)

Registered office
6 Hood Avenue, Rosebank, 2196