

CULLINAN HOLDINGS LIMITED

TOURISM AND LEISURE

UNAUDITED CONDENSED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2010

GROUP FINANCIAL HIGHLIGHTS

Earnings – up 103% on corresponding period last year
Headline earnings – up 108% on corresponding period last year

GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 31 March 2010 R'000	Unaudited as at 31 March 2009 R'000	Audited as at 30 September 2009 R'000
ASSETS			
Non-current assets	126 583	123 854	122 864
Property, plant and equipment	57 846	57 540	52 695
Goodwill	33 581	34 197	33 593
Intangible assets	24 973	26 328	26 055
Investment properties	5 000	-	5 000
Investment in associate companies	2 827	1 220	3 053
Investment in joint venture	1 171	1 058	1 241
Deferred tax asset	1 185	3 511	1 227
Current assets	172 628	204 003	239 174
Inventories	16 210	17 159	16 737
Accounts receivable	77 246	98 362	122 445
Other financial asset	-	-	754
Taxation	1 212	890	2 708
Cash resources	77 960	87 592	96 530
Non-current assets held for sale	4 193	7 757	6 551
Total assets	303 404	335 614	368 589
EQUITY AND LIABILITIES			
Ordinary shareholders' equity	123 012	98 259	111 520
Preference shareholders' equity	546	546	546
Non-controlling interest	5	5	5
Total shareholders' equity	123 563	98 810	112 071
Non-current liabilities	14 695	46 162	46 967
Deferred tax liability	3 341	2 783	3 067
Long-term loans	-	33 664	33 132
Operating lease accrual	10 854	9 215	10 268
Preference shares	500	500	500
Current liabilities	165 146	190 642	209 551
Short-term portion of long-term loans	-	4 290	4 040
Operating lease accrual	78	164	215
Accounts payable	153 327	176 941	197 488
Taxation	2 433	1 227	1 121
Preference dividends	42	14	41
Provisions	9 266	8 006	6 646
Total equity and liabilities	303 404	335 614	368 589

GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months ended 31 March 2010 R'000	Unaudited six months ended 31 March 2009 R'000	Audited year ended 30 September 2009 R'000
Revenue	200 351	209 415	411 784
Turnover	198 185	208 652	409 224
Net operating expenses	(183 956)	(200 751)	(386 658)
Operating profit	14 229	7 901	22 566
Finance income	2 166	763	2 560
Finance expenses	-	(196)	(417)
Preference dividends paid	(24)	(27)	(55)
Share of (loss)/profit of associates	(226)	-	(771)
Share of profit of joint venture	(71)	-	183
Profit before taxation	16 074	8 441	24 066
Tax expense	(4 595)	(2 781)	(6 115)
Profit for the period	11 479	5 660	17 951
Other comprehensive income:			
Exchange differences on translating foreign operations	13	(256)	(150)
Total comprehensive income for the period	11 492	5 404	17 801
Profit attributable to:			
equity holders	11 479	5 660	17 951
non-controlling interest	-	-	-
Total comprehensive income attributable to:			
equity holders	11 492	5 404	17 801
non-controlling interest	-	-	-
Basic earnings per share (cents)	1,60	0,79	2,50
Diluted earnings per share (cents)	1,60	0,79	2,50

GROUP CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Unaudited six months ended 31 March 2010 R'000	Unaudited six months ended 31 March 2009 R'000	Audited year ended 30 September 2009 R'000
Ordinary share capital			
Balance at beginning of period	7 184	7 184	7 184
Issued during period	-	-	-
Balance at end of period	7 184	7 184	7 184
Share premium			
Balance at beginning of period	59 905	59 905	59 905
Premium on issue of shares	-	-	-
Balance at end of period	59 905	59 905	59 905
Share capital reduction reserve fund			
Balance at beginning of period	20 876	20 876	20 876
Balance at end of period	20 876	20 876	20 876
Capital redemption reserve fund			
Balance at beginning of period	4	4	4
Balance at end of period	4	4	4
Foreign currency translation reserve			
Balance at beginning of period	(1 573)	(1 423)	(1 423)
Reserve on translation of foreign subsidiary	13	(256)	(150)
Balance at end of period	(1 560)	(1 679)	(1 573)
Revaluation reserve			
Balance at beginning of period	864	-	-
Reserve on translation of foreign subsidiary	-	-	864
Balance at end of period	864	-	864
Accumulated profit/(loss)			
Balance at beginning of period	24 260	6 309	6 309
Attributable income for period	11 479	5 660	17 951
Ordinary dividend paid	-	-	-
Balance at end of period	35 739	11 969	24 260
Ordinary shareholders' equity	123 012	98 259	111 520
Equity portion of preference share capital			
Balance at beginning of period	546	546	546
Balance at end of period	546	546	546
Non-controlling interest			
Balance at beginning of period	5	5	5
Profit attributable to non-controlling interest	-	-	-
Balance at end of period	5	5	5
Total income and expense for the period			
Profit for period	11 479	5 660	17 951
Attributable to equity shareholders	11 479	5 660	17 951
Attributable to non-controlling interest	-	-	-
Total other comprehensive income for the period	13	(256)	714
	11 492	5 404	18 665

GROUP CONDENSED STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 March 2010 R'000	Unaudited six months ended 31 March 2009 R'000	Audited year ended 30 September 2009 R'000
Net cash inflow/(outflow) from operating activities	29 134	(26 241)	(4 088)
Net cash outflow from investing activities	(10 554)	(15 272)	(27 667)
Net cash outflow from financing activities	(37 150)	(1 064)	(1 884)
Net (decrease)/increase in cash and cash equivalents	(18 570)	(42 577)	(33 639)
Cash and cash equivalents at beginning of period	96 530	130 169	130 169
Cash and cash equivalents at end of period	77 960	87 592	96 530

NOTES

1. Basis of preparation

The unaudited condensed consolidated interim results for the six months ended 31 March 2010 have been prepared in accordance with IAS 34 Interim Financial Reporting and in compliance with the South African Companies Act, No 61 of 1973, as amended. The condensed consolidated interim results for the six months are prepared on the historical cost basis, with the exception of certain financial instruments and properties which are measured at fair value. The policies are consistent with those of the previous annual financial statements.

2. Notes to the income statement

	Unaudited six months ended 31 March 2010 R'000	Unaudited six months ended 31 March 2009 R'000	Audited year ended 30 September 2009 R'000
Ordinary shares ('000)	718 355	718 355	718 355
- In issue	718 355	718 355	718 355
- Weighted average	718 355	718 355	718 355
Determination of headline earnings:			
Earnings attributable to ordinary shareholders	11 479	5 660	17 951
Share of (profit)/loss of associate and joint venture	297	-	588
Adjustment to fair value on investment properties including those classified as held for sale	-	-	(5 275)
(Profits)/losses on disposal of property, plant and equipment	-	-	(99)
Total tax effect of the adjustments	-	-	728
Headline earnings	11 776	5 660	13 893
Headline earnings per share (cents)	1,64	0,79	1,9
Diluted headline earnings per share (cents)	1,64	0,79	1,93
Net asset value per share (cents)	17,20	13,76	15,60

3. Johannesburg Stock Exchange ("JSE")

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

4. Segmental reporting

	Marine R'000	Touring/ Coaching R'000	Travel Agencies R'000	Tour Operators R'000	Other R'000	Total R'000
31 March 2010						
Revenue	27 725	58 179	43 641	71 015	(209)	200 351
Operating profit	2 282	10 616	2 375	9 582	(10 626)	14 229
31 March 2009						
Revenue	36 142	55 193	39 604	77 983	493	209 415
Operating profit	4 543	8 703	(1 261)	4 632	(8 716)	7 901
30 September 2009						
Revenue	70 727	114 536	79 594	138 420	8 507	411 784
Operating profit	3 603	12 472	(3 362)	15 605	(5 752)	22 566

OVERVIEW

The results for the six month period show a substantial improvement on 2009. Although sales continue to be affected by the general economic malaise, the measures taken in the last twelve months to improve product and efficiency and manage overheads have resulted in improved performance in the Travel & Tourism businesses.

As anticipated, the Marine businesses have struggled in the period under review as the effects of the economic slowdown really took hold in this period. Fortunately, steps taken in anticipation of this have allowed us to manage this slowdown and mitigate the effect.

Cash flow was healthy in the period with cash of R29 million generated from operating activities. The cash generated was utilised to settle long-term borrowings based upon expected strong cash generation going forward as well as to recapitalise and improve fleet in both Hylton Ross Tours and Thompsons Touring and Safaris.

REVIEW OF OPERATIONS

Thompson's Holidays (the Outbound division)

The Outbound division is a wholesale supplier of travel-related products and holidays to the South African market. The domestic travel market remains soft, affected by the volatile Rand and concerns over the global economy. In mid 2009, steps were taken to improve sales while concentrating on managing costs and generally improving control within the business. These steps have resulted in improvement in performance although we believe there is still room for future gains.

Thompson's Africa (the Inbound division)

The Inbound division is a tour wholesaler and destination marketing organisation that sells Africa to the world. Sales continue to be affected by the slowdown in worldwide tourism although the trend is reversing and business is showing improved growth over 2009. The steps taken over the past eighteen months to improve efficiency have resulted in a good performance for the period and the business is well placed for the future.

Thompson's 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. Turnover increased for the period and with effective cost management has resulted in improved performance for the six month period.

Thompson's Travel

Thompson's Travel is a Corporate and Retail travel agency with offices in Johannesburg, Cape Town and Durban. The Corporate division has been less affected by the downturn but continues to trade profitably. The performance of the Leisure division has improved over 2009 as a result of concentration on improved value and service and better cost management.

Pentavel

Pentavel is a chain of 23 retail travel outlets located in major shopping malls throughout South Africa. The division has seen an increase in sales as a result of the focus on service and value and the business continues to manage costs well.

Hylton Ross Tours

Hylton Ross Tours operates coaches and vehicles for hire and charter in the domestic travel market and also provides day tours in and around the Western Cape and the Garden Route. It is a well-known brand in the travel market and enjoys a substantial market share in the Western Cape. The business is trading well and is continually investing in and improving its fleet.

Thompson's Gateway

Gateway, a sales office in Singapore, has seen a decline in sales out of its markets in South East Asia. This is due to the global economic downturn and to the strength of the Rand.

Planet Africa

Planet Africa is a joint venture operation formed to sell and market Southern Africa to Far East tourists. In spite of a slowdown in volumes, the division continues to trade profitably.

Manex

Manex is a supplier to the yacht building industry as well as a distributor of a number of leading brands in the Scuba Diving and Leisure sector. The business has been affected by pressure on margins and turnover.

Central Boating

Central Boating is a market leader in the importation and distribution of leisure marine equipment to both the yachting and power boat sectors of the market in South Africa. Consistent with Manex, the business has been affected by the global economy and has seen pressure on margins.

Prospects

Difficult market conditions remain an ongoing challenge for management with the impact of the World Cup still to be seen. Despite these difficult market conditions, the Company is cautiously optimistic about its business prospects over the next twelve months.

On Behalf of the Board

M Tollman

Executive Chairman

1 June 2010

DK Standage

Financial Director

Auditors

Mazars were re-elected as auditors in 2010.

Sponsor

Arcay Moela Sponsors (Proprietary) Limited

(Registration number 2006/033725/07)

Directors

M Tollman (Executive Chairman)†, MA Ness*‡, VET O'Hana†, DD Hosking**‡, LA Pampallis, G Tollman***‡

DK Standage (Financial Director), DT Madlala†, R Arendse‡

* British ** New Zealand *** USA † Non-Executive

Company secretary

DK Standage

Registered office

6 Hood Avenue, Rosebank, 2196

Transfer secretaries

Computershare Investor Services (Pty) Limited

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For further information on group activities, please write to:

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(Registration number 1902/001808/06)

(Share code: CUL ISIN: ZAE000013710)

("the company" or "the group")

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