CULLINAN HOLDINGS LIMITED
TOURISM AND LEISURE

UNREVIEWED CONDENSED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2012

GROUP FINANCIAL HIGHLIGHTS

Attributable earnings – up 75%

Headline earnings – up 75%

Profit before taxation – up 70% to R29,7 million

Cash resources – increased by R37,4 million

GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

	Unreviewed six months 31 March 2012 R'000	Unreviewed six months 31 March 2011 R'000	Reviewed year ended 30 September 2011 R'000
ASSETS			
Non-current assets	**134 135**	124 694	123 258
Property, plant and equipment	**71 578**	61 163	58 702
Goodwill	**33 837**	33 618	33 786
Intangible assets	**15 644**	19 615	18 043
Investment properties	**5 700**	3 900	5 700
Investment in associate companies	**2 968**	3 023	2 952
Investment in joint venture	**3 097**	2 096	2 764
Deferred tax asset	**1 311**	1 279	1 311
Current assets	**259 991**	212 190	314 963
Inventories	**16 569**	16 197	18 165
Accounts receivable	**86 998**	76 720	110 575
Other financial asset	**–**	–	4 395
Taxation	**711**	1 216	1 999
Cash resources	**155 713**	118 057	179 829
Non-current assets held for sale	**2 200**	4 000	2 200
Total assets	**396 326**	340 884	440 421
EQUITY AND LIABILITIES			
Ordinary shareholders' equity	**175 605**	151 154	161 139
Preference shareholders' equity	**546**	546	546
Non-controlling interest	**19**	1	19
Total shareholders' equity	**176 170**	151 701	161 704
Non-current liabilities	**17 571**	16 105	17 373
Deferred tax liability	**5 709**	3 969	5 200
Operating lease accrual	**11 362**	11 636	11 673
Preference shares	**500**	500	500
Current liabilities	**202 585**	173 078	261 344
Operating lease accrual	**55**	50	31
Accounts payable	**197 862**	162 205	259 572
Bank overdrafts	**238**	–	243
Taxation	**2 840**	2 705	67
Preference dividends	**15**	15	15
Provisions	**1 575**	8 103	1 416
Total equity and liabilities	**396 326**	340 884	440 421

GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Unreviewed six months 31 March 2012 R'000	Unreviewed six months 31 March 2011 R'000	Reviewed year ended 30 September 2011 R'000
Revenue	**236 608**	197 961	393 747
Turnover	**233 770**	196 439	390 783
Net operating expenses	**(207 198)**	(180 252)	(363 531)
Operating profit	**26 572**	16 187	27 252
Finance income	**2 838**	1 522	2 964
Finance expenses	**–**	(136)	(151)
Preference dividends paid	**(24)**	(24)	(55)
Share of profit/(loss) of associates	**16**	(197)	(214)
Share of profit of joint venture	**334**	167	781
Profit before taxation	**29 736**	17 519	30 577
Tax expense	**(8 017)**	(5 072)	(8 502)
Profit for the period	**21 719**	12 447	22 075
Other comprehensive income:			
Exchange differences on translating foreign operations	**(69)**	3	(228)
Revaluation of land and buildings	**–**	–	606
Total comprehensive income for the period	**21 650**	12 450	22 453
Profit attributable to:			
equity holders	**21 719**	12 447	22 057
non-controlling interest	**–**	–	18
Total comprehensive income attributable to:			
equity holders	**21 650**	12 450	22 435
non-controlling interest	**–**	–	18
Basic earnings per share (cents)	**3,02**	1,73	3,07
Diluted earnings per share (cents)	**3,02**	1,73	3,07

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

	Unreviewed six months 31 March 2012 R'000	Unreviewed six months 31 March 2011 R'000	Reviewed year ended 30 September 2011 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	**(1 811)**	(1 583)	(1 583)
Reserve on translation of foreign subsidiary	**(69)**	3	(228)
Balance at end of period	**(1 880)**	(1 580)	(1 811)
Revaluation reserve			
Balance at beginning of period	**870**	264	264
Reserve on translation of foreign subsidiary	**–**	–	606
Balance at end of period	**870**	264	870
Accumulated profit/(loss)			
Balance at beginning of period	**74 111**	52 054	52 054
Attributable income for period	**21 719**	12 447	22 057
Ordinary dividend paid	**(7 184)**	–	–
Balance at end of period	**88 646**	64 501	74 111
Ordinary shareholders' equity	**175 605**	151 154	161 139
Preference shareholders' equity			
Balance at beginning of period	**500**	500	500
Balance at end of period	**500**	500	500
Non-controlling interest			
Balance at beginning of period	**19**	1	1
Profit attributable to non-controlling interest	**–**	–	18
Balance at end of period	**19**	1	19
Total comprehensive income			
Profit for period	**21 719**	12 447	22 075
– Attributable to equity shareholders	**21 719**	12 447	22 057
– Attributable to non-controlling interest	**–**	–	18
Translation of foreign subsidiary	**(69)**	3	(228)
Revaluation of land and buildings	**–**	–	606
	21 650	12 450	22 453

GROUP CONDENSED STATEMENT OF CASH FLOWS

	Unreviewed six months 31 March 2012 R'000	Unreviewed six months 31 March 2011 R'000	Reviewed year ended 30 September 2011 R'000
Net cash (outflow)/inflow from operating activities	**2 430**	20 529	85 490
Net cash outflow from investing activities	**(19 357)**	(741)	(4 173)
Net cash outflow from financing activities	**(7 184)**	–	–
Net (decrease)/increase in cash and cash equivalents	**(24 111)**	19 788	81 317
Cash and cash equivalents at beginning of the period	**179 586**	98 269	98 269
Cash and cash equivalents at end of the period	**155 475**	118 057	179 586

NOTES

1. Basis of preparation

The unreviewed condensed consolidated interim results for the six months ended 31 March 2012 have been prepared in compliance with International Financial Reporting Standards ("IFRS"), the AC 500 Standards as issued by SAICA, with IAS 34 Interim Financial Reporting and the South African Companies Act (71 of 2008, as amended). The policies are consistent with those of the previous annual financial statements.

The unreviewed condensed consolidated interim results for the six months ended 31 March 2012 have been prepared under the supervision of D Standage, CA(SA), the financial director of the group.

2. Notes to the income statement

	Unreviewed six months 31 March 2012	Unreviewed six months 31 March 2011	Reviewed year ended 30 September 2011
Ordinary shares ('000)			
– In issue	**718 355**	718 355	718 355
– Weighted average	**718 355**	718 355	718 355
	R'000	R'000	R'000
Determination of headline earnings:			
Earnings attributable to ordinary shareholders	**21 719**	12 447	22 057
(Profits)/Losses on disposal of property, plant and equipment	**–**	–	105
Total tax effect of the adjustments	**–**	–	(29)
Headline earnings	**21 719**	12 447	22 133
Headline earnings per share (cents)	**3,02**	1,73	3,08
Diluted headline earnings per share (cents)	**3,02**	1,73	3,08
Net asset value per share (cents)	**24,52**	21,12	22,51

3. JSE Limited

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

4. Business Combinations

The group acquired the business of Ikapa Tours and Travel (Pty) Limited as a going concern, the business comprising the fixed assets, trading name, client base and staff employed by Ikapa at 1 November 2011. The effective date of the transaction was 1 November 2011. Ikapa is an inbound tour operator and coach charter operator based in Cape Town.

Cullinan paid R14,5 million for the business, funded out of cash reserves. The purchase price was for the fair market value of the fixed assets which comprise coaches, vehicles, computer equipment and furniture and fittings.

The business was acquired as it combines well with the existing Cullinan structure which comprises similar business and will add to buying power and operational synergy and cost saving.

The following information summarises the effect of the transaction:

	R'000
Property, plant and equipment (motor vehicles, computer equipment and furniture and fittings)	**14 500**
Purchase price paid	**14 500**

Since the acquisition date, the following amounts have been included in the statement of comprehensive income for the period:

	R'000
Revenue	**10 044**
Operating profit	**88**

Information relating to the revenue and profit/loss of Ikapa prior to this acquisition has not been disclosed as the directors are of the opinion that it is impractical to provide this information.

In addition, this information would be of no value to the users of these financial statements as the business of Ikapa Travel and Tours (Pty) Limited was materially restructured during the period from June 2011 through to October 2011 and the business acquired is substantially different to that prior to 1 November 2011.

5. Segmental reporting

	Tour Operators R'000	Transport & Touring R'000	Retail Travel R'000	Marine & Boating R'000	Head Office R'000	Total R'000
31 March 2012						
Revenue	**92 669**	**68 993**	**51 797**	**23 154**	**(5)**	**236 608**
Operating profit	**20 455**	**8 614**	**7 451**	**(197)**	**(9 751)**	**26 572**
31 March 2011						
Revenue	71 883	52 018	48 910	25 040	110	197 961
Operating profit	13 688	7 316	7 821	920	(13 558)	16 187
30 September 2011						
Revenue	147 274	97 842	101 589	46 831	211	393 747
Operating profit	21 340	9 977	13 380	(408)	(17 037)	27 252

OVERVIEW

We are pleased to announce the results for the Cullinan group for the six-month period ended 31 March 2012. During the period, sales increased by 20% and profit before tax increased by 70% to R29,7 million (2011: R17,5 million) while headline earnings increased by 75% to R21,7 million (2011: R12,4 million). Cash generation remains strong with a substantial increase in cash resources, with cash on hand at 31 March 2012 amounting to R155 million (March 2011: R118 million).

The company also resumed payments of dividends in the period with the declaration of a dividend of 1 cent per share.

The above results are pleasing considering that the economy and general industry environment remains challenging, particularly for the Inbound and coaching businesses where the economic malaise in Europe and the UK has impacted sales. The local economy remains fairly resilient and the Outbound Travel & Tourism divisions have seen some recovery with a resultant moderate increase in sales in the retail and wholesale businesses.

The group has also seen a marked improvement in operating effectiveness, efficiencies and improved service levels over the past three years and, as a consequence, the focus during the period has been on consolidating these improvements while, at the same time, looking to secure new opportunities for growth and expansion. During the period under review, Thompsons Africa successfully fulfilled its responsibilities as the sole accommodation booking-provider for the COP17 World Climate Change Summit held in Durban in November 2011. The COP17 conference was a great success for South Africa, as was Thompsons' important role in ensuring this success. During the 12-night event, Thompsons successfully managed the accommodation arrangements for 7 500 passengers, handling 60 000 bed nights.

During the period the company also acquired the business and assets of Ikapa Tours and Travel (Pty) Limited effective 1 November 2011 and was appointed as the exclusive sales and reservations provider for Lux Resorts in Mauritius under the Island Light Holidays brand. In addition, the company was appointed as the fulfilment product partner for the SAA Holidays programme for South Africa.

REVIEW OF OPERATIONS

Cullinan Tour Operators

The Outbound divisions consist of business units which supply travel-related products and holidays to the South African market through its customer, the retail travel agent. Over the last two years, the group has expanded this segment of the business by establishing a number of different outbound operators, of which Thompsons Holidays is the largest. Island Light Holidays commenced operations in September 2011, with the exclusive contract to sell Lux Resorts properties in Mauritius, Seychelles and Maldives. The group also tendered for the contract to be the sole product partner for SAA Holidays and was awarded this contract which will commence in May 2012.

While the business remains very competitive with relatively small barriers to entry, the Outbound divisions have seen reasonable increases in revenue through increasing its market share.

The Inbound divisions consist of business units which act as tour wholesalers and destination marketing organisations that sell South & Southern African travel packages to International Travel wholesalers, who in turn sell this on to international tourists. Sales continue to feel the effects of an uncertain economy in traditional markets such as the UK and Europe, while there has been a noticeable upturn out of Asia and the USA looks positive. Thompsons Africa, Planet Africa and Ikapa Inbound are the major brands within this segment. Despite the challenging sales environment the businesses continue to produce good results through efficient systems, good cost management and retaining market share.

Cullinan Retail Travel

The Cullinan retail travel agency segment comprises Thompsons Corporate Travel, Thompsons Leisure Travel, Visions Incentive Travel and Pentravel. Combined, these three brands have over 30 travel agencies in most major centres in South Africa.

The Corporate division has seen very good growth in the period in both sales and profitability. This has been achieved through a combination of increased spend as corporates have resumed travel and through the business securing a number of new accounts. The performance of the Leisure division has been lagging that of 2011 although it looks to be back on track for the second half of 2012. Pentravel continues to perform well against a record year in 2011.

Cullinan Transport and Touring

This segment comprises Hylton Ross Tours and Ikapa Coach Charter within South Africa and, through a partnership with Wilderness Safaris, includes operations in Zimbabwe, Zambia and Botswana. Through the various brands, the group owns and operates a fleet of over 150 vehicles, comprising coaches, mini-buses, safari vehicles and sedans. These vehicles are chartered to the Inbound and Domestic tourism market. In addition, the various brands also provide day tours and excursions in the eight centres in Southern Africa in which they operate.

The coaching segment was affected by a surplus of vehicles after the 2010 FIFA World Cup and reduced demand from Inbound Tour Operators for reasons explained above. This has been compounded by increased costs, specifically fuel. However, it is pleasing to note that the business continues to offer very good returns on investment as a result of high service standards and good management and has resulted in an improvement on the prior year.

Cullinan Marine and Boating

The Marine segment comprises Manex Marine and Central Boating, both suppliers to the boat-building industry. Manex also acts as an agency for Marine & Leisure brands such as Aqualung diving equipment. As mentioned in prior reports, the global demand for boat building dropped dramatically in 2008 and has yet to recover. This has been compounded by the relatively strong Rand during the period under review, which has made South African boat building struggle for advantage.

Cullinan Business Development

This division was established in 2010 to focus on corporate social responsibility for the group. This includes enterprise development, corporate social investment and other aspects that allow the group to contribute to social development in South Africa. To date it has been active in a number of areas such as development of emerging travel agencies, supporting enterprise development and commencing a learnership programme.

Prospects

Whilst the general economic environment continues to present challenges, the group has performed well over the past six months and the group is well-placed to continue to do so in future. Looking forward, the Board has identified a number of opportunities to ensure the group remains a market leader in Southern Africa. These include:

- Significant capital investment in a new ERP system for the wholesale travel businesses (Inbound and Outbound). This investment will provide greater efficiency and service to customers, but equally provides a platform which will meet the current and future requirements for the business.
- Significant capital investment in the Transport segment of the business through additional capital expenditure in coaches for Hylton Ross Tours and Ikapa.
- New depot facilities are being developed for the group in Cape Town and Johannesburg, which will provide the group with state of the art facilities for the coaching division and create the capacity to increase its fleet. Both depots will be completed by November 2012.
- New offices are being built in Cape Town for the group. These offices will house the Thompsons Holidays reservations office, Pentravel marketing as well as Thompsons Travel retail and corporate travel agencies, further enhancing co-operation and synergy for the group. These offices are expected to be completed in March 2013.

The company will continue to look for meaningful acquisition opportunities.

On behalf of the Board

M Tollman
Executive Chairman

DK Standage
Financial Director

30 May 2012

Auditors: Mazars were re-elected as auditors in 2012.

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

Directors: M Tollman, MA Ness*‡, DD Hosking*‡, LA Pampallis, G Tollman*‡, DK Standage
DT Madlala†, R Arendse†, S Nhlumayo†, A Azoulay† *Non-resident, ‡Non-Executive, †Independent Non-Executive

Company secretary: B Allison

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("Cullinan" or "the company" or "the group")