

CULLINAN HOLDINGS LTD  
 TOURISM, LEISURE & FINANCIAL SERVICES  
 (Registration number 1902/001808/06)  
 (Share code: CUL ISIN: ZAE000013710)  
 (Share code: CULP ISIN: ZAE000001947)  
 ("the Company" or "the Group")

ABRIDGED AUDITED GROUP RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

GROUP FINANCIAL HIGHLIGHTS

Operating profit up 40% and profit before tax up by 34% to R101m  
 50% average growth in profit before tax over the last three years

Turnover up 39% and R119m cash generated by operations  
 Chester Finance acquired effective 1 October 2014

Group condensed statement of financial position

	Audited as at 30 September 2014 R'000	Audited as at 30 September 2013 R'000
<b>ASSETS</b>		
Non-current assets	329 788	267 141
Property, plant and equipment	200 939	140 018
Investment properties	10 900	10 900
Goodwill	69 981	66 758
Intangible assets	27 513	31 041
Investment in associate companies	3 697	4 243
Investment in joint ventures	7 946	5 341
Deferred tax asset	8 812	8 840
Current assets	524 091	502 373
Other current assets	338 034	296 434
Cash and cash equivalents	186 057	205 939
Total assets	853 879	769 514
<b>EQUITY AND LIABILITIES</b>		
Ordinary shareholders' equity	380 284	323 373
Preference shareholders' equity	546	546
Non-controlling interest	4 180	1 804
Total shareholders' equity	385 010	325 723
Non-current liabilities	14 647	15 356
Preference shares	500	500
Deferred tax liability	6 288	5 688
Operating lease accrual	7 859	9 168
Current liabilities	454 222	428 435
Other current liabilities	454 222	428 435
Total equity and liabilities	853 879	769 514

Group condensed statement of comprehensive income

	Audited Year ended 30 September 2014 R'000	Audited Year ended 30 September 2013 R'000
Revenue	836 362	600 553

Turnover	828 381	592 689
Net operating expenses	(735 391)	(526 484)
Trading profit	92 990	66 205
Net finance income	7 682	7 672
Preference dividends paid	(55)	(55)
Share of profit of associates and joint ventures	275	1 490
Profit before taxation	100 892	75 312
Tax expense	(29 569)	(18 314)
Profit for the year	71 323	56 998
Other comprehensive income:		
Exchange differences on translating foreign operations	306	262
Total comprehensive income for the year	71 629	57 260
Profit attributable to:		
equity holders	67 990	56 859
non-controlling interest	3 333	139
Total comprehensive income attributable to:		
equity holders	68 296	57 121
non-controlling interest	3 333	139
Earnings per share (cents)	8.50	7.85
Diluted earnings per share (cents)	8.33	7.73

Group condensed statements of changes in equity

	Audited Year ended 30 September 2014 R'000	Audited Year ended 30 September 2013 R'000
Ordinary share capital		
Balance at beginning of year	7 927	7 184
Issued during year	75	743
Balance at end of year	8 002	7 927
Share premium		
Balance at beginning of year	140 942	59 905
Premium on issue of shares	8 144	81 037
Balance at end of year	149 086	140 942
Share capital reduction reserve fund		
Balance at beginning and end of year	20 876	20 876
Capital redemption reserve fund		
Balance at beginning and end of year	4	4
Foreign currency translation reserve		
Balance at beginning of year	(1 665)	(1 927)
Reserve on translation of foreign subsidiary	306	262
Balance at end of year	(1 359)	(1 665)
Revaluation reserve		
Balance at beginning and end of year	870	870
Share-based payment reserve		
Balance at beginning of year	2 225	-
Expense for the year	4 401	2 225
Balance at end of year	6 626	2 225
Accumulated profit / (loss)		
Balance at beginning of year	152 194	102 519
Attributable income for year	67 990	56 859
Ordinary dividend declared	(24 005)	(7 184)

Balance at end of year	196 179	152 194
Ordinary shareholders' equity	380 284	323 373
Non-controlling interest		
Balance at beginning of year	1 804	102
Arising from business combination	-	1 645
Profit attributable to non-controlling interest for year	3 333	139
Dividend paid to non-controlling interest	(957)	(82)
Balance at end of year	4 180	1 804
Preference shareholders' equity		
Balance at beginning of year	500	500
Balance at end of year	500	500
Total comprehensive income is made up of		
Profit for year	71 323	56 998
- Attributable to equity shareholders	67 990	56 859
- Attributable to non-controlling interest	3 333	139
Translation of foreign subsidiary	306	262
	71 629	57 260

Group abridged condensed statement of cash flows

	Audited Year ended 30 September 2014 R'000	Audited Year ended 30 September 2013 R'000
- Cash generated by operations	119 433	54 907
Net cash inflow / (outflow) from operating activities	73 245	37 464
Net cash outflow from investing activities	(92 591)	(45 247)
Net cash outflow from financing activities	(957)	(82)
Net (decrease) / increase in cash and cash equivalents	(20 303)	(7 865)
Effect of exchange rate changes on cash and cash equivalents	(360)	1 287
Cash acquired on acquisition	649	23 938
Cash and cash equivalents at beginning of the year	205 737	188 377
Cash and cash equivalents at end of the year	185 723	205 737

Notes

1. BASIS OF PREPARATION

The group condensed financial statement extracts have been prepared in accordance with the JSE Listings Requirements, the framework and the recognition requirements of International Financial Reporting Standards ("IFRS"), and in terms of IAS 34 - Interim Financial Reporting as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and in compliance with the South African Companies Act (2008). The accounting policies and methods of computation used in the preparation of the extracted results are consistent with those used in the annual financial statements for the year ended 30 September 2013.

2. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September	Year ended 30 September
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	2014	2013
Ordinary shares ('000)		
October - August	800 173	718 355
September	800 173	792 701
Weighted average number of net shares in issue	800 173	724 551
Adjusted for effect of future share-based compensation payments	16 119	10 541
Diluted weighted average number of shares	816 293	735 092
Determination of headline earnings:	R'000	R'000
Earnings attributable to ordinary shareholders	67 990	56 859
Adjustment to fair value of investment property	-	(3 000)
Losses on disposal of property, plant and equipment	1 557	211
Total tax effect	(436)	563
Headline earnings	69 111	54 633
Headline earnings per share (cents)	8.64	7.54
Diluted headline earnings per share (cents)	8.47	7.43
Dividends per share (cents)	3.00	1.00

### 3. BUSINESS COMBINATION

#### Springbok Atlas Namibia (Pty) Ltd

On 1 October 2013, the Company acquired 100% of the issued share capital of Springbok Atlas Namibia (Pty) Ltd. Springbok Atlas Namibia is engaged in coach charter and touring throughout Namibia, as well as running commuter transport for certain clients. This business was acquired as part of the larger transaction in which Cullinan acquired the tourism interests of Imperial Holdings Limited as disclosed in the prior year integrated report.

The acquisition date fair value of assets acquired and liabilities assumed and the consideration transferred were:

	R'000
Property, plant and equipment	7 720
Trade and other receivables	1 911
Cash and cash equivalents	649
Trade and other payables	(2 061)
Net Asset Value	8 219
Purchase consideration paid through issue of shares (7 471 833)	8 219

The property, plant and equipment consists of vehicles, fixtures and fittings and computer software and equipment. The gross amount due under trade and other receivables is R1.911 million of which all is expected to be collectible.

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

	R'000
Revenue	19 861
Profit	(357)

Acquisition costs allocated to the statement of comprehensive income 66

#### Peak Incentives

On 1 March 2014, Silverton Travel (Pty) Ltd t/a Edusport, a 75% owned subsidiary of the Company acquired the business of Peak Incentives. The acquisition consisted primarily of the staff and intellectual capital of the business. Peak Incentives is a specialist incentive organiser focusing on a blue chip corporate clientele.

Edusport currently have a division focusing on incentives and the merger of the Peak and Edusport incentives business will provide the combined business with scale, better efficiencies and improved business practices.

Goodwill arising on acquisition is primarily incurred as a result of the above.

	R'000
Purchase consideration payable out of cash reserves	3 000
Goodwill	3 000

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

	R'000
Revenue	1 549
Profit	(192)

No external acquisition costs were incurred

#### 4. ACQUISITION AFTER PERIOD END

On 1 October 2014, Cullinan Holdings Limited acquired the trade finance business of Chester Finance (Pty) Ltd. Goodwill on acquisition arose from the purchase of the trade name, business, client base and facilities with related securities, the staff, intellectual capital and the local book debt. The business will trade under the name Chester Finance - A Division of Cullinan Holdings Limited. The acquisition was funded out of cash reserves. Chester was acquired in line with the group strategy to expand into the financial services sector and will provide the group with additional skills and expertise in this area.

The carrying value of the assets as noted below is based upon unaudited amounts and are expected to approximate the fair value of assets before the acquisition.

The assets acquired as at 1 October 2014 arising from the acquisition are as follows:

	Estimated fair value
	R'000
Property, plant and equipment	280
Trade receivables	45 761
Trade and other payables	(316)
Net asset value acquired	45 725
Purchase consideration payable out of cash reserves	75 761
Goodwill (provisional)	30 036

The property, plant and equipment consists of vehicles, fixtures and fittings and computer software and equipment. The gross amount due under trade and other receivables is R45.761 million of which all is expected to be collectible.

Acquisition costs	R000
	2 792

If this business had been included in the group statement of comprehensive income from the beginning of the financial year, the revenue would have been R397m and impact on profit before interest and tax would have been a profit of R11m.

#### 5. Segmental reporting

	Travel and Tourism R'000	Marine and Boating R'000	Financial Services R'000	Corporate Services R'000	Total R'000
30 September 2014					
Revenue	721 842	48 833	65 959	(272)	836 362
Operating profit	132 045	2 070	5 207	(46 332)	92 990
Profit before tax	132 320	2 070	12 889	(46 387)	100 892
30 September 2013					
Revenue	494 389	46 011	59 114	1 039	600 553
Operating profit	91 975	1 002	5 725	(32 497)	66 205
Profit before tax	93 465	1 002	13 397	(32 552)	75 312

#### Annual financial statements

These group condensed financial statement extracts should be read in conjunction with the audited 2014 annual financial statements issued on the 15 December 2014. The group financial statements were prepared by D Standage, the Financial Director of the Group.

The directors take full responsibility for the preparation of this abridged report extracted from audited financial information

has been correctly extracted from the underlying annual financial statements.

#### Approval of annual financial statements

The annual financial statements were approved by the Board of Directors on 15 December 2014.

#### Audit opinion

These abridged consolidated group financial statements have been extracted from the issuer's audited annual financial statements upon which Mazars have issued an unqualified report but has not itself been audited. The auditor's report does not necessarily report on all of the information contained in this announcement/ financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

#### Annual general meeting

The annual general meeting of Shareholders will be held in the boardroom, 2nd floor, Travel House, 6 Hood Avenue, Rosebank at 10-00 on the 27th February 2015 to transact the business as stated in the annual general meeting notice forming part of the integrated annual report. Record dates will be published once the printing of the annual report has been finalised.

#### INTRODUCTION

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

#### OVERVIEW

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

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

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

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

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

#### KEY ACHIEVEMENTS OVER THE PAST 12 MONTHS

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

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

#### PROSPECTS FOR 2015

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

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

We also plan to continue our focus on further development and acquisitions in our financial services segment during 2015 and to look for acquisition opportunities in the tourism sector. The intention in the financial sector is to find quality operations in niche segments, either through purchase or partnerships.

We are confident that the group can continue to achieve above average growth. The fundamentals of the core businesses remain strong, our new acquisitions in September 2013 in the tourism and travel segments have performed well, while our financial services division has expanded nicely in 2014. We are therefore well placed for further growth in this division in 2015.

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

On Behalf of the Board  
Michael Tollman

David Standage

Chief Executive Officer

Financial Director

15 December 2014

Company secretary  
B Allison

Auditors  
Mazars were re-elected as auditors in 2014

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

Directors

M Tollman, MA Ness\*‡, DD Hosking\*‡, LA Pampallis, G Tollman\*‡, DK Standage,  
R Arendse‡, S Nhlumayo‡, A Azoulay‡  
\*Non-Resident, ‡Non-Executive

Registered office

6 Hood Avenue, Rosebank, 2196

Transfer secretaries

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For further information on group activities, please write to:

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