

CULLINAN HOLDINGS LTD  
 TOURISM, LEISURE & FINANCIAL SERVICES  
 Registration number : 1902/001808/06  
 CONDENSED REVIEWED GROUP RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

GROUP FINANCIAL HIGHLIGHTS

Trading profit R74.9m (Down 19%)  
 Earnings per share down 17%

Cash generated before working capital changes R107m  
 Headline earnings per share down 19%

Group condensed statement of financial position

	Reviewed as at 30 September 2015 R'000	Audited as at 30 September 2014 R'000
<b>ASSETS</b>		
Non-current assets	408 202	329 788
Property, plant and equipment	258 813	200 939
Investment properties	10 900	10 900
Goodwill	99 948	69 981
Intangible assets	24 321	27 513
Investment in associate companies	3 732	3 697
Investment in joint ventures	7 054	7 946
Deferred tax asset	3 434	8 812
Current assets	636 802	524 091
Other current assets	528 171	338 034
Cash and cash equivalents	108 631	186 057
<b>Total assets</b>	<b>1 045 004</b>	<b>853 879</b>
<b>EQUITY AND LIABILITIES</b>		
Ordinary shareholders' equity	416 590	380 284
Preference shareholders' equity	546	546
Non-controlling interest	3 218	4 180
Total shareholders' equity	420 354	385 010
Non-current liabilities	84 701	14 647
Preference shares	500	500
Shareholders loans	70 000	-
Deferred tax liability	8 881	6 288
Operating lease accrual	5 320	7 859
Current liabilities	539 949	454 222
Other current liabilities	539 949	454 222
<b>Total equity and liabilities</b>	<b>1 045 004</b>	<b>853 879</b>

Group condensed statement of comprehensive income

	Reviewed Year ended 30 September 2015 R'000	Audited Year ended 30 September 2014 R'000
Revenue	926 075	941 396

Turnover	920 324	933 415
Net operating expenses	(845 346)	(840 425)
Trading profit	74 978	92 990
Net finance income	1 883	7 682
Preference dividends paid	(55)	(55)
Share of (loss) / profit of associates and joint ventures	(857)	275
Profit before taxation	75 949	100 892
Tax expense	(19 953)	(29 569)
Profit for the year	55 996	71 323
Other comprehensive (loss) / income:		
Movement in cash flow hedge	(7 856)	-
Exchange differences on translating foreign operations	(215)	306
Total comprehensive income for the year	47 925	71 629
Profit / (loss) attributable to:		
equity holders	56 321	67 990
non-controlling interest	(325)	3 333
Total comprehensive income / (loss) attributable to:		
equity holders	48 250	68 296
non-controlling interest	(325)	3 333
Earnings per share (cents)	7.04	8.50
Diluted earnings per share (cents)	6.91	8.33

Group condensed statements of changes in equity

	Reviewed Year ended 30 September 2015 R'000	Audited Year ended 30 September 2014 R'000
Ordinary share capital		
Balance at beginning of year	8 002	7 927
Issued during year	-	75
Balance at end of year	8 002	8 002
Share premium		
Balance at beginning of year	149 086	140 942
Premium on issue of shares	-	8 144
Balance at end of year	149 086	149 086
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	(1 359)	(1 665)
Reserve on translation of foreign subsidiary	(215)	306
Balance at end of year	(1 574)	(1 359)
Revaluation reserve		
Balance at beginning and end of year	870	870
Hedging reserve		
Balance at beginning of year	-	-
Movement in cash flow hedge	(7 856)	-
Balance at end of year	(7 856)	-
Share-based payment reserve		
Balance at beginning of year	6 626	2 225
Expense for the year	4 059	4 401
Balance at end of year	10 685	6 626

Accumulated profit / (loss)		
Balance at beginning of year	196 179	152 194
Attributable income for year	56 321	67 990
Ordinary dividend declared	(16 003)	(24 005)
Balance at end of year	236 497	196 179
Ordinary shareholders' equity	416 590	380 284
Non-controlling interest		
Balance at beginning of year	4 180	1 804
Arising from business combination		-
(Loss) / profit attributable to non-controlling interest for year	(325)	3 333
Dividend paid to non-controlling interest	(637)	(957)
Balance at end of year	3 218	4 180
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 / (loss) for the year	55 996	71 323
- Attributable to equity shareholders	56 321	67 990
- Attributable to non-controlling interest	(325)	3 333
Movement in cash flow hedge	(7 856)	-
Translation of foreign subsidiary	(215)	306
	47 925	71 629

#### Group condensed statement of cash flows

	Reviewed Year ended 30 September 2015 R'000	Audited Year ended 30 September 2014 R'000
- Cash generated by operations	11 149	119 433
Net cash (outflow) / inflow from operating activities	(27 081)	73 245
Net cash outflow from investing activities	(121 141)	(92 591)
Net cash inflow / (outflow) from financing activities	69 363	(957)
Net decrease in cash and cash equivalents	(78 859)	(20 303)
Effect of exchange rate changes on cash and cash equivalents	1 505	(360)
Cash acquired on acquisition	-	649
Cash and cash equivalents at beginning of the year	185 723	205 737
Cash and cash equivalents at end of the year	108 369	185 723

#### Notes

##### 1. Basis of preparation

The condensed reviewed group results have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee. The results contain the information required by IAS34 Interim Financial Reporting and are in compliance with the South African Companies Act (2008). The accounting policies and methods of computation used in the preparation of the results are consistent with those used in the annual financial statements for

the year ended 30 September 2014 except as indicated in note 6.

2. Notes to the statement of comprehensive income

	Year ended 30 September 2015	Year ended 30 September 2014
Ordinary shares ('000)	800 173	800 173
Weighted average number of net shares in issue	800 173	800 173
Adjusted for effect of future share-based compensation payments	15 048	16 119
Diluted weighted average number of shares	815 221	816 293
Determination of headline earnings:	R'000	R'000
Earnings attributable to ordinary shareholders	56 321	67 990
Losses on disposal of property, plant and equipment	(116)	1 557
Total tax effect	32	(436)
Headline earnings	56 237	69 111
Headline earnings per share (cents)	7.03	8.64
Diluted headline earnings per share (cents)	6.90	8.47
Dividends per share (cents)	2.00	3.00

3. Goodwill

	Reviewed Year ended 30 September 2015 R'000	Audited Year ended 30 September 2014 R'000
Carrying value at the beginning of the year	69 981	66 758
Arising from business combinations during the year	29 720	3 000
Foreign exchange adjustment	247	223
Carrying value at the end of the year	99 948	69 98

4. BUSINESS COMBINATION

Chester Finance

On 1 October 2014, Cullinan Holdings Limited acquired the trade finance business of Chester Finance (Pty)

Ltd. Goodwill on acquisition arose from intangible assets that do not qualify for recognition separately from goodwill, including intellectual capital and the client base, as well as other immaterial intangible assets such as the business trade name.

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 approximate their fair value at the date of acquisition.

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

	Estimated Fair Value R'000
Property, Plant & Equipment	273
Trade receivables	45 768
Net asset value acquired	46 041
Purchase consideration paid out of cash reserves	75 761
Goodwill	29 720

The gross amount due under trade and other receivables is R45.768million of which all is expected to be collectible.

The property, plant and equipment consists of vehicles, fixtures and fittings and computer software and equipment.

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

Cullinan for the year:

Revenue	R'000
Profit	25 211
Acquisition costs allocated to the statement of comprehensive income	14 454
	2 792

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 2015					
Revenue	740 131	63 256	122 902	(214)	926 075
Trading profit	95 596	3 237	16 325	(40 180)	74 978
Profit before tax	94 739	3 237	18 208	(40 235)	75 949
30 September 2014					
Revenue	826 876	48 833	65 959	(272)	941 396
Trading profit	132 045	2 070	5 207	(46 332)	92 990
Profit before tax	132 320	2 070	12 889	(46 387)	100 892

6 Correction of error: Restatement of Revenue, Turnover and cost of sales of

Silverton Travel (Pty) Ltd t/a Edusport Travel

In the 2014 Annual Financial Statements, the commission on tour sales earned by Silverton Travel (Pty) Ltd was reflected as turnover. This is consistent with the manner in which all of the Cullinan Travel and Tourism businesses treat turnover.

However, it has been determined that in the case of Silverton Travel (Pty) Ltd, the business acts as principal in most transactions and in order to more correctly reflect this, the decision was made to reflect gross invoiced sales as turnover in 2015. The adjustment to turnover is offset by an equivalent increase in the cost of sales which is reflected in net operating expenses.

	2014
	R'000
Turnover as reported in the 2014 Annual Financial Statements	828 381
Less : Net operating expenses	(735 391)
Operating profit	92 990
Restated turnover as disclosed above	933 415
Less : net operating expenses	(840 425)
Operating profit	92 990

The restatement has no effect on earnings

7 Cash flow hedge

Forward exchange contracts are classified as Level 2 instruments in the fair value hierarchy. The fair value of the Forward exchange contract liability at year end amounted to R7.856m

The fair values of forward exchange contracts are calculated using standard market calculation conventions with reference to the relevant market spot rates, forward foreign exchange and interest rates. The notional principal amounts of the outstanding forward foreign exchange contracts at year end was R136.31m.

Condensed Reviewed Group Results

These condensed reviewed group results were prepared by D Standage CA (SA), the Financial Director of the Group.

Approval of the condensed reviewed group results

The condensed reviewed group results were approved by the Board of Directors on 23rd December 2015.

Review opinion

The condensed reviewed group results have been reviewed by the group's independent auditor, Mazars. Their unmodified

review opinion is available for inspection at the group's registered office. Their review was conducted in accordance with ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity". The auditor's report does not necessarily report on all of the information contained in these 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 company's registered office.

Cullinan Holdings is pleased to report on its reviewed group results for 2015.

The 2015 year saw the group's tourism and travel segment (specifically the inbound and tourism coach transport divisions) materially impacted by a number of factors. These factors include the impact of Ebola, the new South African visa regulations announced in September 2014 and the impact of xenophobia.

As a result of the factors mentioned above, the group experienced significant decreases in tourism numbers from China, Japan, Malaysia, Singapore, India and South America. Tourism volumes from the USA and Europe were also negatively impacted for the year.

As a consequence of the above and the decrease in revenue in the tourism and travel segment for the September 2015 year, the Groups trading profit declined to R74.9m (down 19%) and earnings per share declined by 17%.

We believe that these factors, which impacted tourism numbers during 2015, especially Ebola and the new South African visa regulations, are behind us and we expect growth to rebound in 2016. While the weaker rand had little impact on increased tourism numbers in 2015, we anticipate that the effects of this will be positively felt in inbound tourism revenue in 2016.

On the positive side, the rest of the group performed well. The rest of the tourism segment performed strongly under challenging circumstances. Despite a weak South African economy, reduced corporate and personal budgets and a weak rand, these other tourism businesses increased their market share and grew their businesses during 2015.

We also saw growth in our Marine business, which delivered improved results.

In October 2014, the group acquired Chester Finance, a niche trade finance provider. We are pleased with the performance of this business, considering the weak overall economy.

Despite a challenging 2015 year, the group remains strongly cash generative with R107m in cash generated before working capital changes.

#### KEY ACHIEVEMENTS OVER THE PAST 12 MONTHS

- > The company improved the quality and standard of its coach fleet through the continuing capital expenditure programme, with R65m invested in fleet in the year to September 2015 on top of the R70m invested in 2014.
- > The Depot in Cape Town has been expanded by a further 17 000m<sup>2</sup>, which has allowed the Springbok Atlas fleet to combine its depot with that of Hylton Ross with attendant improvements in service, controls and economies of scale. This transport depot now houses over 120 coaches and vehicles.
- > The roll out of the first and major phase of the tour operator travel system is complete. The next phase will be to utilise the system to transact online with customers and consumers where appropriate.
- > Pentravel continued to expand with the addition of three shops and the roll out of two new concept stores. These concept stores provide customers with an interactive experience when choosing their holiday and have proved to be very well received and successful.
- > Pentravel also continues to expand their web presence, with the expansion of the PenDirect office in Cape Town.
- > Edusport successfully operated a program to Rugby World Cup 2015, sending over 1 000 Rugby Fans to the United Kingdom over September and October 2015.
- > The staff mentorship program which was launched in 2013 continues to deliver excellent results, with 40 staff completing the program in 2015 (up from 23 in 2014).

#### PROSPECTS FOR 2016

With the effects of Ebola waning and the expectation that the South African visa regulations will soon be amended, we believe the 2016 prospects are positive. Inbound tourism is still not back at 2014 levels but the lower oil price and weaker exchange rate provide us with some optimism for the year ahead.

Corporate and leisure travel remains constrained and the weak exchange rate will not assist this segment. Despite these

conditions, we remain confident that our focus on providing excellence in service and quality will see the business continue to outperform and increase its market share.

Financial Services remain an opportunity for growth and we will continue to look to expand this segment through organic growth and acquisition.

Despite lower results in 2015, we are confident that the group will see further growth in 2016. The Fundamentals of the core businesses remain strong and acquisitions made in 2013, 2014 and 2015 have contributed to the group results.

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 2015 year.

On Behalf of the Board  
Michael Tollman  
Chief Executive Officer

David Standage  
Financial Director

29th December 2015

Company secretary  
B Allison

Auditors  
Mazars were re-elected as auditors in 2015

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

Registered office  
6 Hood Avenue, Rosebank, 2196

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

Transfer secretaries  
Computershare Investor Services (Pty) Limited,  
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(PO Box 61051, Marshalltown, 2107)

For further information on group activities, please write to:  
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PO Box 41032, Craighall, 2024  
(Registration number 1902/001808/06)  
(Share code: CUL ISIN: ZAE000013710)  
(Share code: CULP ISIN: ZAE000001947)  
("the Company" or "the Group")