THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 8 of this Circular apply to the entire Circular, including, where appropriate, this cover.

Action required:

- This entire Circular is important and should be read with particular attention to the section entitled "Action required by Cullinan Preference Shareholders in relation to the Scheme and the Termination of the Listing", which commences on page 3 of this circular.
- If you are in any doubt as to what action to take, you should consult your Broker, CSDP, banker, accountant, attorney or other professional advisor immediately.
- If you have disposed of all your Cullinan Preference Shares, please forward this Circular, the attached form of proxy in respect of the General Meeting of Cullinan Preference Shareholders *(pink)* and form of surrender *(blue)* to the purchaser to whom, or the Broker, CSDP, banker or other agent through whom, the disposal was effected.

Cullinan does not accept responsibility, and will not be held liable for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any Beneficial Owner of Cullinan Preference Shares to notify such Beneficial Owner of the transaction set out in this Circular.

CULLINAN HOLDINGS LTD
TOURISM & LEISURE

CULLINAN HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1902/001808/06)
("Cullinan" or "the Company")
Preference share code: CULP ISIN code: ZAE000001947

CIRCULAR TO CULLINAN PREFERENCE SHAREHOLDERS

relating to:

- the Scheme proposed by the Cullinan Board between Cullinan and Cullinan Preference Shareholders in terms of which, if implemented, Cullinan will acquire all of the Scheme Shares from Scheme Participants for the Scheme Consideration of 220 cents per Scheme Share;
- the termination of the listing of the Cullinan Preference Shares on the JSE

and incorporating:

- a report prepared by the Independent Expert in terms of sections 114(2) and 114(3) of the Companies Act;
- extracts of section 115 of the Companies Act dealing with the approval requirements for the Scheme and section 164 of the Companies Act dealing with Dissenting Shareholders' appraisal rights;
- the Notice of General Meeting of Cullinan Preference Shareholders;
- a form of proxy in respect of the General Meeting of Cullinan Preference Shareholders *(pink)* (for use by Certificated Cullinan Preference Shareholders and Dematerialised Cullinan Preference Shareholders with own name registration only); and
- a form of surrender for use by Certificated Shareholders and own name Registration Shareholders.

Sponsor to Cullinan

ARBOR CAPITAL

Auditors to Cullinan

MAZARS
MAZARS INCORPORATED

Attorneys to Cullinan

fluxmans
ATTORNEYS

Independent Expert to Cullinan

MOORE STEPHENS

This Circular is only available in English and appears on the website of the company at www.cullinan.co.za. Copies of this Circular may also be obtained during normal business hours from the registered office of Cullinan and the offices of Arbor Capital Sponsors Proprietary Limited at their respective addresses set out in the "Corporate Information and Advisors" section of this Circular from the date of issue hereof until the Scheme Voting Record Date.

Date of issue: 14 December 2018

IMPORTANT LEGAL NOTES

The definitions and interpretations commencing on page 8 of this Circular apply to this section on Important Legal Notes.

FORWARD-LOOKING STATEMENTS

This Circular contains statements about Cullinan that are or may be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Cullinan cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Cullinan operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions, as regards Cullinan, made by Cullinan as communicated in publicly available documents by the company, all of which estimates and assumptions, although Cullinan believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Cullinan or not currently considered material by Cullinan.

Cullinan Preference Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Cullinan not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement is not known. Cullinan has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

FOREIGN CULLINAN PREFERENCE SHAREHOLDERS

This Circular has been prepared for the purposes of complying with the laws of South Africa and is subject to applicable laws and regulations, including but not limited to the Companies Act and the Companies Act Regulations and the information disclosed may not be the same as that which would have been disclosed if this Circular had been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa.

The release, publication or distribution of this Circular in jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction.

This Circular is not intended to, and does not constitute, or form part of, an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction other than South Africa. Cullinan Preference Shareholders are advised to read this Circular, which contains the full terms and conditions of the Scheme, with care. Any decision to approve the Scheme or other response to the proposals should be made only on the basis of the information in this Circular.

Any Cullinan Shareholder who is in doubt as to his position, including, without limitation, his tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

CORPORATE INFORMATION AND ADVISORS

The definitions and interpretations commencing on page 8 of this Circular apply mutatis mutandis to this Corporate Information section.

Directors of Cullinan
GB Tollman (Non-executive chairman)
M Tollman (Chief Executive Officer)
LA Pampallis (Executive director)
DK Standage (Financial director)
L Tollman (Executive director)
R Arendse#*
M Burton#*
DD Hosking#*
A Mendiratta#*

*# non-executive * independent*

Legal Advisor to Cullinan
Fluxmans Inc.
Registration number 2000/024775/21
30 Jellicoe Avenue
Rosebank, 2196
(Private Bag X41, Saxonwold 2132)

Company Secretary and registered office of Cullinan
Bradley Allison
The Travel House
6 Hood Avenue
Rosebank
Johannesburg 2196
(PO Box 42032, Craighall 2024)

Auditors to Cullinan
Mazars
Practice number 900222
Mazars House
54 Glenhove Road
Melrose Estate
Johannesburg 2196
(PO Box 6697, Johannesburg 2000)

Date and place of incorporation of Cullinan
9 December 1902, Pretoria, South Africa

Sponsor to Cullinan
Arbor Capital Sponsors Proprietary Limited
Registration number 2006/033725/07
20 Stirrup Lane
Woodmead Office Park
Corner Woodmead Drive and Van Reenens Avenue
Woodmead 2191
(Suite #439, Private Bag X29, Gallo Manor 2052)

Transfer Secretaries of Cullinan
Computershare Investor Services Proprietary Limited
Registration number 2004/003647/07
Rosebank Towers
15 Biermann Avenue
Rosebank 2196
(PO Box 61051, Marshalltown 2107)

Independent Expert to Cullinan
Moore Stephens Cape Town Corporate Services Proprietary Limited
Registration number 2011/009732/07
2nd Floor, Block 2
Northgate Park
Corner Section Street and Koeberg Road
Paarden Eiland
Cape Town 7405
(PO Box 1955, Cape Town 8000)

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ACTION REQUIRED BY CULLINAN PREFERENCE SHAREHOLDERS IN RELATION TO THE SCHEME AND THE TERMINATION OF THE LISTING

The definitions and interpretations commencing on page 8 of this Circular apply to this section on the action required by Cullinan Preference Shareholders.

This Circular is important and requires your immediate attention. The action you need to take is set out below. If you are in any doubt as to what action to take, you should consult your Broker, CSDP, banker, accountant, attorney or other financial advisor. If you have disposed of all of your Cullinan Preference Shares, this Circular should be handed to the purchaser to whom, or the Broker, CSDP or other agent through whom, the disposal was effected.

A general meeting of Cullinan Preference Shareholders will be held at 10:00 on Friday, 25 January 2019 in the boardroom at The Travel House, 6 Hood Avenue, Rosebank, Johannesburg to consider and, if deemed fit, to pass the resolutions required to inter alia enable Cullinan to acquire all the issued Cullinan Preference Shares (save for those held by Dissenting Shareholders who do not withdraw their respective demands made in terms of sections 164(5) to 164(8) of the Companies Act or allow any offers by the Company to them in terms of section 164(11) of the Companies Act to lapse, as more fully described in paragraph 4.7 below) in terms of a scheme of arrangement under the Companies Act, and to terminate the listing of the Cullinan Preference Shares on the JSE in terms of the Listings Requirements. A notice convening such general meeting is attached to, and forms part of, this Circular.

Please take careful note of the following provisions regarding the action to be taken by Cullinan Preference Shareholders.

1. **IF YOU HAVE DEMATERIALISED YOUR CULLINAN PREFERENCE SHARES AND DO NOT HAVE OWN NAME REGISTRATION**

1.1 **Voting at the General Meeting**

1.1.1 If you do not wish to, or are unable to, attend or appoint a proxy to represent you at the General Meeting and you have not been contacted by your CSDP or Broker, it is advisable for you to contact your CSDP or Broker immediately and furnish your CSDP or Broker with your voting instructions in the manner and by the cut-off time stipulated by your CSDP or Broker in terms of the Custody Agreement between you and your CSDP or Broker.

1.1.2 If your CSDP or Broker does not obtain voting instructions from you, your CSDP or Broker will be obliged to act in accordance with the instructions contained in the Custody Agreement between you and your CSDP or Broker.

1.1.3 You must **not** complete the attached form of proxy in respect of the General Meeting of Cullinan Preference Shareholders *(pink)*.

1.2 **Attendance and representation at the General Meeting**

1.2.1 In accordance with the Custody Agreement between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to:

1.2.1.1 attend, speak and vote at the General Meeting; or

1.2.1.2 appoint a proxy to represent you at the General Meeting.

1.2.2 Your CSDP or Broker should then issue the necessary letter of representation to you for you or your proxy to attend, speak and vote at the General Meeting. You will not be permitted to attend, speak or vote at the General Meeting, or appoint a proxy to represent you at the General Meeting, without the necessary letter of representation being issued to you.

1.3 **Surrender of Documents of Title**

You must **not** complete the form of surrender *(blue)*.

1.4 **Settlement of Scheme Consideration**

If the Scheme becomes operative, you will have your account held at your CSDP or Broker credited with the Scheme Consideration and debited with the Cullinan Preference Shares you are transferring to Cullinan on the Operative Date or, if you are a Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 4.7.1.2 of this Circular, on the date set out in paragraph 4.7.1.2 of this Circular.

2. **IF YOU HAVE NOT DEMATERIALISED YOUR CULLINAN PREFERENCE SHARES OR IF YOU HAVE DEMATERIALISED YOUR CULLINAN PREFERENCE SHARES WITH OWN NAME REGISTRATION**

2.1 **Voting, attendance and representation at the General Meeting**

You may attend, speak and vote at the General Meeting in person (or, if you are a company or other body corporate, be represented by a duly authorised natural person). Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy in respect of the General Meeting of Cullinan Preference Shareholders *(pink)* in accordance with the instructions contained therein and returning it to the Transfer Secretaries at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg (PO Box 61051, Marshalltown 2107) to be received by them no later than 10:00 on Wednesday, 23 January 2019, alternatively, such form of proxy may be handed to the Chairman of the General Meeting prior to the holding of the vote in respect of the resolution in question.

2.2 **Surrender of Documents of Title (this applies only to Certificated Cullinan Preference Shareholders and not to own name Dematerialised Cullinan Preference Shareholders)**

2.2.1 You are required to complete the attached form of surrender *(blue)* in accordance with its instructions and return it, together with the Documents of Title representing all your Certificated Cullinan Preference Shares, to the Transfer Secretaries at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196 (PO Box 61763, Marshalltown 2107), to be received by them by no later than 12:00 on the Scheme Consideration Record Date.

2.2.2 Documents of Title held by Certificated Cullinan Preference Shareholders in respect of their Cullinan Preference Shares will cease to be of any value, and shall not be good for delivery, from the Operative Date, other than for surrender in terms of the Scheme and/or the Appraisal Rights.

2.3 **Settlement of Scheme Consideration**

2.3.1 **Certificated Cullinan Preference Shareholders**

2.3.1.1 If the Scheme becomes operative and you have surrendered your Documents of Title to the Transfer Secretaries at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196 (PO Box 61763, Marshalltown 2107) on or before 12:00 on the Scheme Consideration Record Date, the Scheme Consideration will be posted to you, at your risk, within five Business Days of the Operative Date.

2.3.1.2 If you wish to surrender your Documents of Title in anticipation of the Scheme becoming operative:

2.3.1.2.1 you should complete the form of surrender *(blue)* in accordance with its instructions and return it, together with your Documents of Title, to the Transfer Secretaries at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196 (PO Box 61763, Marshalltown 2107); and

2.3.1.2.2 it should be noted that you will not be able to Dematerialise or deal in your Cullinan Preference Shares between the date of surrender of your Documents of Title and the Last Day to Trade or, if the Scheme does not become operative, the date on which your Documents of Title are returned to you pursuant to paragraph 2.3.1.5 below.

2.3.1.3 If the Scheme becomes operative and you surrender your Documents of Title after 12:00 on the Scheme Consideration Record Date, the Transfer Secretaries will only post the Scheme Consideration to you, at your risk, within five Business Days of receipt of your Documents of Title and form of surrender *(blue)*, provided that should you:

2.3.1.3.1 be a Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 4.7.1 of this Circular, you will still need to surrender your Documents of Title, together with a completed form of surrender *(blue)*, to the Transfer Secretaries and the Scheme Consideration will only be posted to you on the date set out in paragraph 4.7.1.2 of this Circular; and

2.3.1.3.2 fail to surrender your Documents of Title and completed form of surrender *(blue)* to the Transfer Secretaries within three years after the Operative Date or, if you are a Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 4.7.1 of this Circular, within three years after the date on which you subsequently became a Scheme Participant pursuant to paragraph 4.7.1 of this Circular, the Scheme Consideration due to you will be paid to the benefit of the Guardian's Fund of the Master of the High Court. In this regard such Scheme Participants irrevocably authorise and appoint Cullinan, in *rem suam*, with full power of substitution, to act as agent in the name, place and stead of such Scheme Participants to pay the Scheme Consideration to the benefit of the Guardian's Fund in the aforesaid manner.

2.3.1.4 Documents of Title surrendered prior to 12:00 on the Scheme Consideration Record Date in anticipation of the Scheme becoming operative will be held in trust by the Transfer Secretaries, at the risk of the Certificated Cullinan Shareholder, pending the Scheme becoming operative.

2.3.1.5 Should the Scheme not become operative, any Documents of Title surrendered and held by the Transfer Secretaries will be returned to you by the Transfer Secretaries, at your own risk, by registered post within five Business Days from the date of receipt of the Documents of Title or the date on which it becomes known that the Scheme will not become operative, whichever is the later.

2.3.2 **Own name Dematerialised Cullinan Preference Shareholders**

2.3.2.1 If you are an own name registered Dematerialised Cullinan Shareholder who is, or is deemed (pursuant to paragraph 4.7.1 of this Circular) to be, a Scheme Participant, you will have your account held at your CSDP or Broker credited with the Scheme Consideration and debited with the Cullinan Preference Shares you are transferring to Cullinan pursuant to the Scheme on the Operative Date or, if you are a Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 4.7.1 of this Circular, on the date contemplated in paragraph 4.7.1 of this Circular.

2.3.2.2 You must **not** complete the attached form of surrender *(blue)*.

If you wish to Dematerialise your Cullinan Preference Shares, please contact your CSDP or Broker. Cullinan Preference Shareholders should note that it will take between 1 to 10 Business Days to Dematerialise their Cullinan Preference Shares through their CSDP or Broker. Cullinan Preference Shareholders that do not have a CSDP or Broker can contact the Transfer Secretaries directly to Dematerialise their Cullinan Preference Shares on 011 370 5000.

No Dematerialisation or rematerialisation of Cullinan Preference Shares may take place from the Business Day following the Scheme LDT. You do not need to Dematerialise your Cullinan Preference Shares to receive the Scheme Consideration.

Cullinan Preference Shareholders are advised to consult their professional advisors about their personal tax positions regarding the Scheme.

TAKEOVER REGULATION PANEL APPROVALS

Cullinan Preference Shareholders should take note that the TRP does not consider commercial advantages or disadvantages of affected transactions when it approves such transactions.

IMPORTANT DATES AND TIMES RELATING TO THE SCHEME

The definitions and interpretations commencing on page 8 of this Circular shall apply to this section.

	2018
Record date for Cullinan Preference Shareholders to be recorded in the Register in order to receive this Circular	Friday, 7 December
Circular posted to Cullinan Preference Shareholders and notice convening the General Meeting released on SENS on	Friday, 14 December
Notice convening the General Meeting published in the South African press on	Tuesday, 18 December

	2019
Last day to trade Cullinan Preference Shares in order to be recorded in the Register on the Scheme Voting Record Date on	Tuesday,15 January
Scheme Voting Record Date being 17:00 on	Friday, 18 January
Proxy forms to be lodged at Transfer Secretaries by 10:00 on	Wednesday, 23 January
Last date and time for Cullinan Preference Shareholders to give notice to Cullinan objecting, in terms of section 164(3) of the Companies Act, to the special resolution approving the Scheme for purposes of the Appraisal Rights by 10:00 on	Friday, 25 January
Proxy forms not lodged with Transfer Secretaries to be handed to the Chairman of the General Meeting before 10:00	Friday, 25 January
General (Scheme) Meeting of Cullinan Preference Shareholders to be held at 10:00 on	Friday, 25 January
Action	
If the Scheme is approved by the Cullinan Preference Shareholders at the Scheme Meeting, the following dates assume that neither court approvals nor the review of the Scheme is required and will be confirmed in the finalisation announcement to be released simultaneously with the results of the Scheme Meeting.	
Should votes against or objections to the Scheme be lodged as contemplated in paragraphs 4.3 and 4.7 of the Circular, the dates set out below will not be applicable, and a further finalisation announcement will be released in due course.	
Results of Scheme Meeting and Finalisation Data Announcement released on SENS on	Friday, 25 January
Results of Scheme Meeting and Finalisation Data published in the South African press on	Monday, 28 January
Finalisation Date expected to be on	Friday, 25 January
Last Day to Trade-entitlement to Scheme Consideration	Tuesday, 5 February
Suspension of listing of Cullinan Preference Shares at the commencement of trade on the JSE	Wednesday, 6 February
Scheme Consideration Record Date to be recorded in the Register in order to receive the Scheme Consideration expected to be on or about	Friday, 8 February
Expected Operative Date of the Scheme on	Monday, 11 February
Scheme Consideration will be sent by EFT or by cheque to Certificated Shareholders who have lodged their Form of Surrender with the Transfer Secretaries on or prior to 12:00 on the Scheme Consideration Record Date, on or about	Monday, 11 February
Dematerialised Scheme Participants expected to have their accounts with their CSDP or broker credited with the Scheme Consideration on or about	Monday, 11 February
Expected termination of listing of Cullinan Preference Shares on the JSE at the commencement of trade on or about	Tuesday, 12 February

Notes:

1. The above dates and times are subject to such changes as may result from the implementation of the Scheme or as may be agreed to by Cullinan and approved by the TRP and/or the JSE, if required. If the Scheme Conditions are not met by 31 March 2019, an updated timetable will be released on SENS and published in the South African press.
2. Cullinan Preference Shareholders should note that, as trade in Cullinan Preference Shares on the JSE is settled through Strate, settlement of trades takes place three Business Days after the date of such trades. Therefore, Cullinan Preference Shareholders who acquire Cullinan Preference Shares on the JSE after the last day to trade in Cullinan Preference Shares in order to be recorded in the Register on the Scheme Voting Record Date will not be entitled to vote at the General Meeting.
3. Cullinan Preference Shareholders who wish to exercise their Appraisal Rights are referred to Annexure 5 to this Circular for purposes of determining the relevant timing for the exercise of their Appraisal Rights.
4. Dematerialised Cullinan Preference Shareholders, other than those with own name registration, must provide their CSDP or Broker with their instructions for voting at the General Meeting by the cut-off time and date stipulated by their CSDP or Broker in terms of their respective Custody Agreements.
5. No dematerialisation or re-materialisation of Cullinan Preference Shares may take place from the Business Day following the Scheme LDT.
6. If the General Meeting is adjourned or postponed, forms of proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.
7. Although the salient dates and times are stated to be subject to change, such statement may not be regarded as consent or dispensation for any change to time periods which may be required in terms of the Companies Act Regulations, where applicable, and any such consents or dispensations must be specifically applied for and granted.
8. All times referred to in this Circular are references to South African time.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless the context indicates a contrary intention, a word or an expression which denotes any gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and vice versa and the following words and expressions bear the meanings assigned to them below:

"Appraisal Rights"	the rights afforded to Cullinan Preference Shareholders in terms of section 164 of the Companies Act as set out in Annexure 5 to this Circular;
"Beneficial Owner"	a person on whose behalf any Dematerialised Cullinan Share (not held in own name form) is held by a CSDP or Broker or a nominee of a CSDP or Broker in accordance with a Custody Agreement;
"Broker"	any person registered as a "broking member (equities)" in terms of the Rules of the JSE and in accordance with the provisions of the Financial Markets Act;
"Business Day"	a day which is not a Saturday, Sunday or official public holiday in South Africa;
"Cash Offer"	the Cash Offer in terms of the Scheme, being 220 cents per Scheme Share;
"cents"	South African cents, in the official currency of South Africa;
"Certificated Cullinan Preference Share"	a Cullinan Preference Share that has not been Dematerialised, title to which is evidenced by a Document of Title;
"Certificated Cullinan Preference Shareholder"	a Cullinan Preference Shareholder who holds Certificated Cullinan Preference Shares;
"Circular"	this circular to Cullinan Preference Shareholders, dated Friday, 14 December 2018, together with the annexures hereto, and including the Notice of General Meeting of Cullinan Preference Shareholders, the form of proxy *(pink)* in relation to the General Meeting of Cullinan Preference Shareholders and the form of surrender *(blue)*;
"Common Monetary Area"	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
"Companies Act"	the Companies Act, No. 71 of 2008, as amended from time to time;
"Companies Act Regulations"	the Companies Act Regulations, 2011, promulgated under the Companies Act, as amended from time to time;
"CSDP"	Central Securities Depository Participant as defined in the Financial Markets Act;
"Cullinan" or "the Company"	Cullinan Holdings Limited (registration number 1902/001808/06), a public company incorporated under the laws of South Africa, the preference shares of which are listed on the JSE;
"Cullinan Board" or "Cullinan Directors"	the directors of Cullinan as at the Last Practicable Date, whose names are set out on page 11 of this Circular;
"Cullinan Preference Shares"	500 000 5,5% cumulative preference shares of R2 each in the capital of Cullinan;
"Cullinan Preference Shareholders"	the holders of Cullinan Preference Shares;
"Custody Agreement"	a custody mandate agreement between a Beneficial Owner and a CSDP or Broker, regulating their relationship in respect of Dematerialised Cullinan Preference Shares held on Cullinan's uncertificated securities register administered by a CSDP or Broker on behalf of that Beneficial Owner;
"Dematerialise" or "Dematerialised" or "Dematerialisation"	the process by which Certificated Cullinan Preference Shares are converted into an electronic format as Dematerialised Cullinan Preference Shares and recorded in Cullinan's uncertificated securities register administered by a CSDP;

"Dematerialised Cullinan Preference Share"	a Cullinan Preference Share that has been Dematerialised or has been issued in Dematerialised form, and is held on Cullinan's uncertificated securities register administered by a CSDP;
"Dematerialised Cullinan Preference Shareholder"	a Cullinan Preference Shareholder who holds Dematerialised Cullinan Preference Shares;
"Dissenting Shareholders"	Cullinan Preference Shareholders who validly exercise their Appraisal Rights by demanding, in terms of sections 164(5) to 164(8) of the Companies Act, that the Company pay them the fair value of all of their Cullinan Preference Shares;
"Documents of Title"	certified transfer deeds, balance receipts or any other physical documents of title pertaining to the Cullinan Preference Shares in question acceptable to the Cullinan Board;
"Exchange Control Regulations"	the Exchange Control Regulations, 1961, as amended from time to time, issued in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended from time to time;
"Finalisation Date"	the date on which all the Scheme Conditions shall have been fulfilled or waived, as the case may be, as set out in paragraph 4.3 of this Circular;
"Financial Markets Act"	the Financial Markets Act, No. 19 of 2012, as amended from time to time;
"General Meeting"	the general meeting of Cullinan Preference Shareholders to be held at 10:00 on Friday, 25 January 2019 at The Travel House, 6 Hood Avenue, Rosebank, Johannesburg, to consider and, if deemed fit, approve the Scheme Resolution and any other resolutions proposed in the Notice of General Meeting of Cullinan Preference Shareholders;
"Independent Board"	collectively, Ms A Mendiratta and Messrs. R Arendse and M Burton, being Independent Non-executive Directors of Cullinan;
"Independent Expert"	Moore Stephens Cape Town Corporate Services Proprietary Limited, Registration number 2011/009732/07, incorporated in accordance with the laws of South Africa;
"JSE"	the Johannesburg Stock Exchange, licensed under the Financial Markets Act, and operated by JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of South Africa;
"Last Practicable Date"	the last practicable date prior to the finalisation of this Circular, being Friday, 7 December 2018;
"Listings Requirements"	the Listings Requirements of the JSE in force as at the Last Practicable Date;
"Notice of General Meeting"	the Notice of General Meeting of Cullinan Preference Shareholders forming part of this Circular;
"Offer"	means the offer by Cullinan to acquire all the Cullinan Preference Shares by way of the Scheme;
"Operative Date"	the date on which the Scheme becomes operative, being the first Business Day immediately following the Scheme Consideration Record Date, which operative date is expected to be Monday, 11 February 2019;
"Proposed Transaction"	the transaction pursuant to which Cullinan intends to acquire all of the issued Cullinan Preference Shares;
"Rand" or "R"	South African Rand, in the official currency of South Africa;
"Register"	Cullinan's securities register, including all uncertificated securities registers;

"Scheme" or "Scheme of Arrangement"	the scheme of arrangement in terms of section 114(1) of the Companies Act, proposed by the Cullinan Board between Cullinan and the Cullinan Preference Shareholders, which scheme of arrangement is more fully described in paragraph 4 of this Circular, in terms of which Cullinan will, if the Scheme becomes operative, acquire all Scheme Shares held by Scheme Participants for the Scheme Consideration, subject to any modification or amendment to the Scheme agreed to in writing by the Offeror and Cullinan and, if necessary, the TRP, which modification or amendment may not be detrimental to Scheme Participants;
"Scheme Conditions"	the conditions precedent to which the Scheme is subject, as set out in paragraph 4.3 of this Circular;
"Scheme Consideration"	the Cash Offer;
"Scheme Consideration Record Date"	17:00 on the 3rd Business Day after the Scheme LDT, being the latest time and date for holders of Cullinan Preference Shares to be registered as such in the Register in order to receive the Scheme Consideration, which date and time is expected to be 17:00 on Friday, 8 February 2019;
"Scheme LDT"	the last day to trade Cullinan Preference Shares on the JSE in order to be registered in the Register on the Scheme Consideration Record Date, which date and time is expected to be at 17:00 on Tuesday, 5 February 2019;
"Scheme Members"	Cullinan Preference Shareholders who are entitled to attend and vote at the General Meeting, being those Cullinan Preference Shareholders who are registered as such in the Register on the Scheme Voting Record Date;
"Scheme Participants"	Cullinan Preference Shareholders who are entitled to receive the Scheme Consideration, being those Cullinan Preference Shareholders who are registered as such in the Register on the Scheme Consideration Record Date, Dissenting Shareholders who have not withdrawn their demands made in terms of sections 164(5) to 164(8) of the Companies Act or allowed any offers made to them in terms of section 164(11) of the Companies Act to lapse;
"Scheme Resolution"	means the special resolution, as contemplated in section 115(2) of the Companies Act, in terms of which Cullinan Preference Shareholders are required to approve the Scheme;
"Scheme Shares"	all Cullinan Preference Shares held by Scheme Participants on the Scheme Consideration Record Date;
"Scheme Voting Record Date"	the last time and date for Cullinan Preference Shareholders to be recorded in the Register in order to be eligible to attend, speak and vote at the General Meeting (or any adjournment thereof), being 17:00 on Friday, 18 January 2019;
"SENS"	the Stock Exchange News Service of the JSE;
"South Africa"	the Republic of South Africa;
"Strate"	the electronic clearing and settlement system used by the JSE and operated by Strate Proprietary Limited, registration number 1998/022242/07, a private company incorporated under the laws of South Africa ;
"Transfer Secretaries" or "Computershare"	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated under the laws of South Africa; and
"TRP"	the Takeover Regulation Panel established in terms of section 196 of the Companies Act.

CULLINAN HOLDINGS LTD
TOURISM & LEISURE

CULLINAN HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1902/001808/06)
("Cullinan" or "the Company")
Preference share code: CULP ISIN code: ZAE000001947

CIRCULAR TO CULLINAN PREFERENCE SHAREHOLDERS

Directors of Cullinan

GB Tollman (Non-executive chairman)
M Tollman (Chief Executive Officer)
LA Pampallis (Executive director)
DK Standage (Financial director)
L Tollman (Executive director)
R Arendse#*
M Burton#*
DD Hosking#*
A Mendiratta#*

 # Non-executive
** Independent*

1. INTRODUCTION

1.1 Cullinan Preference Shareholders are referred to the Firm Intention Announcement released on SENS on Friday, 9 November 2018 and published in the press on Monday, 12 November 2018, advising of the firm intention of Cullinan to make an offer to acquire all the Cullinan Preference Shares by way of the Scheme in terms of section 114 of the Companies Act, on the terms set out in paragraph 4 of this circular.

1.2 As the Preference Shareholders are entitled to vote on the resolution proposing the repurchase and the scheme, the proposed transaction is classified as an affected transaction in terms of section 117(c) (iii), as read with section 114(1)(f), of the Act.

1.3 In the event that the Scheme is implemented:

- Cullinan will become the registered and beneficial owner of all the issued Cullinan Preference Shares (other than Cullinan Preference Shares held by Dissenting Shareholders that do not withdraw their respective demands made in terms of sections 164(5) to 164(8) of the Companies Act or allow any offers by the Company to them in terms of section 164(11) of the Companies Act to lapse, as more fully described in paragraph 4.7 below);
- Scheme Participants will receive the Scheme Consideration for the Scheme Shares held by them on the Scheme Consideration Record Date; and
- the listing of Cullinan Preference Shares on the JSE will be terminated.

1.4 The Scheme Consideration in terms of the Offer is R2,20 per Scheme Share, payable in cash, which is equal to the par value of a Cullinan Preference Share of R2,00, plus a premium of 10%. The Cullinan Preference Shares have not traded since 23 April 2018, when 2 600 Cullinan Preference Shares were traded at 100 cents per share.

1.5 In addition, Cullinan Preference Shareholders will be entitled to receive the dividend on the Cullinan Preference Shares to be declared in January 2019 for the six months ended 31 December 2018.

1.6 For a full understanding of the Proposed Transaction, this Circular should be read in its entirety.

2. PURPOSE OF THIS CIRCULAR

The purpose of this Circular is to:

2.1 provide Cullinan Preference Shareholders with information regarding the Scheme;

2.2 provide Cullinan Preference Shareholders with the Independent Expert's report in respect of the Scheme and the termination of the listing of the Cullinan Preference Shares on the JSE;

2.3 advise Cullinan Preference Shareholders of the Independent Board's opinion in respect of the Scheme (as supported by the Independent Expert's report); and

2.4 convene the General Meeting to consider and, if deemed fit, approve the resolutions as set out in the Notice of General Meeting, including the resolution relating to the termination of the listing of the Cullinan Preference Shares on the JSE.

3. RATIONALE FOR THE SCHEME

3.1 The listing of the ordinary shares in Cullinan on the JSE was terminated on 20 March 2018 after the approval of a scheme of arrangement in terms of which the holding company of the Offeror, Alpine Asset Management Limited, acquired 100% of the issued ordinary share capital of the company.

3.2 An offer was not extended to the Cullinan Preference Shareholders at that time, as the Cullinan Preference Shareholders were not entitled to vote at the scheme meeting held in respect of the ordinary shares, and they remained listed. As approval of the Scheme by the requisite majority will result in the expropriation of Cullinan Preference Shares held by the minority, the board is of the view that the provisions of the Act governing transactions of this nature be adhered to.

3.3 The board considers that maintaining the listing of the Cullinan Preference Shares is of little value and involves unnecessary expense and it has therefore resolved to implement the proposed transaction.

3.4 In the circumstances, the proposed transaction is in the view of the board worthy of consideration by the Cullinan Preference Shareholders as envisaged above.

4. THE SCHEME

4.1 Rationale for the Scheme

Given the aforementioned factors, the Independent Board believes that it is in the interests of Cullinan and Cullinan Preference Shareholders that they be given the opportunity to consider the Proposed Transaction.

4.2 Terms and Conditions of the Scheme

4.2.1 In terms of section 114(1) of the Companies Act, the Cullinan Board proposes the Scheme as set out in this paragraph 4 between the Company and the Cullinan Preference Shareholders. The Scheme will constitute an "affected transaction" as defined in section 117(1)(c) of the Companies Act and will be regulated by the Companies Act, the Companies Act Regulations and the TRP.

4.2.2 In terms of the Scheme, Cullinan will acquire the Scheme Shares from the Scheme Participants for the Scheme Consideration.

4.2.3 If the Scheme takes effect and becomes operative:

4.2.3.1 the Scheme Participants shall be deemed to have disposed of their Scheme Shares, free of encumbrances, to Cullinan on the Operative Date in exchange for the Scheme Consideration and Cullinan shall be deemed to have acquired registered and beneficial ownership of all the Scheme Shares as of the Operative Date;

4.2.3.2 the disposal and transfer by each Scheme Participant of the Scheme Shares held by each such Scheme Participant to Cullinan and the acquisition of ownership of these Scheme Shares by Cullinan pursuant to the provisions of the Scheme shall be effected on the Operative Date;

4.2.3.3 each Scheme Participant shall be deemed to have transferred to Cullinan, on the Operative Date, all of the Scheme Shares held by each such Scheme Participant, without any further act or instrument being required;

4.2.3.4 Scheme Participants shall be entitled to receive the Scheme Consideration, subject to the remaining provisions of this paragraph 4;

4.2.4 Each Scheme Participant irrevocably and in rem suam authorises Cullinan, as principal, with power of substitution, to cause the Scheme Shares disposed of by the Scheme Participants in terms of the Scheme to be transferred to, and registered in the name of, Cullinan on or at any time after the Operative Date, and to do all such things and take all such steps (including the signing of any transfer form) as Cullinan in its discretion considers necessary in order to effect that transfer and registration.

4.2.5 The Scheme Consideration shall be settled, in full, in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which Cullinan may otherwise be, or claim to be, entitled against any Scheme Participant.

4.2.6 Cullinan, as principal, shall procure that Cullinan complies with its obligations under the Scheme, and Cullinan alone shall have the right to enforce those obligations (if necessary) against Cullinan.

4.2.7 The rights of the Scheme Participants to receive the Scheme Consideration will be rights enforceable by Scheme Participants against Cullinan only. Scheme Participants will be entitled to require Cullinan to enforce its rights in terms of the Scheme against Cullinan.

4.2.8 The effect of the Scheme, *inter alia*, will be that Cullinan will, with effect from the Operative Date, become the registered and beneficial owner of all the Scheme Shares.

4.2.9 Cullinan and Cullinan have agreed that, upon the Scheme becoming operative, they will give effect to the terms and conditions of the Scheme and will take all actions and sign all necessary documents to give effect to the Scheme.

4.3 **Scheme Conditions**

4.3.1 The Scheme will be subject to (and will become operative on the Operative Date upon) the fulfillment of the following Scheme Conditions:

4.3.1.1 by not later than 17:00 on 31 March 2019, the approval of the resolutions proposed in the Notice of General Meeting by the requisite majority of Cullinan Preference Shareholders is obtained at the General Meeting;

4.3.1.2 by not later than 17:00 on 31 March 2019, to the extent required under section 115(3) of the Companies Act, approval of the implementation of the Scheme Resolution by the court is obtained and, if applicable, Cullinan not having treated the Scheme Resolution as a nullity;

4.3.1.3 as at 17:00 on the second Business Day after the date of conclusion of the General Meeting, Scheme Participants holding more than 15% (fifteen per cent) of the Scheme Shares not having given, in terms of section 164(3) of the Companies Act, valid notice of objection to the Scheme Resolution taken at the General Meeting and those objecting Scheme Participants not having voted against the Scheme Resolution in respect of more than 15% (fifteen per cent) of the Scheme Shares at the General Meeting;

4.3.1.4 by not later than 17:00 on 31 March 2019, the receipt of all regulatory approvals that may be required in connection with the Scheme, including the issue of a compliance certificate by the TRP as required in terms of section 121(b) of the Companies Act;

4.3.1.5 as at 17:00 on the date on which the last of the conditions in paragraphs 4.3.1.3 to 4.3.1.4 have been fulfilled or, where appropriate, waived, none of the following events shall have occurred in respect of Cullinan or Cullinan:

4.3.1.5.1 any corporate action, legal proceedings or other procedure or other step (including an application to court, proposal of a resolution or convening of a meeting of shareholders, members, directors or other officers) is taken by any person with a view to:

4.3.1.5.1.1 a moratorium, compromise, composition, business rescue or similar arrangement with any of its creditors;

4.3.1.5.1.2 its winding-up, dissolution or commencement of business rescue proceedings, or for the seeking of relief under any applicable bankruptcy, insolvency, company or similar law, or any such resolution;

it being agreed that this condition shall be regarded as having been fulfilled unless either Cullinan or Cullinan has informed the other by no later than 17:00 on the date on which the last of the conditions in paragraphs 4.3.1.3 to 4.3.1.4 have been fulfilled or, where appropriate, waived, that it has knowledge that this condition has not been fulfilled; and

4.3.2 The condition in paragraphs 4.3.1.3 (insofar as it relates to Cullinan) is stipulated for the benefit of Cullinan and may be waived or relaxed by Cullinan in its sole discretion by notice in writing to Cullinan prior to the expiry of the time period set out in paragraph 4.3.1.3 (or such extended time period as may be agreed in writing between Cullinan and Cullinan in accordance with paragraph 4.3.4), provided that if the condition in paragraph 4.3.1.3 is waived and if any Cullinan Shareholder exercises its appraisal rights in terms of section 164 of the Companies Act, the costs of any court process and/or any order that is made against Cullinan prior to the Scheme being implemented, shall be funded by Cullinan on demand made by Cullinan. Cullinan shall be entitled but not obliged to control the conduct of any such legal process, in consultation with Cullinan, and if it does so it shall bear the costs thereof.

4.3.3 Save where the remainder of the conditions in paragraph 4.3.1 are of a regulatory nature, they are capable of waiver or relaxation by Cullinan prior to the date upon which such conditions are to be fulfilled (or such extended time period as may be agreed in writing by Cullinan in accordance with paragraph 4.3.4).

4.3.4 Cullinan may with the prior approval of the TRP (where required), extend the dates for the fulfilment of any one or more of the conditions in paragraph 4.3.1.

4.4 **Scheme Consideration**

Subject to paragraph 4.5 if the Scheme becomes unconditional and is implemented, each Scheme Participant will receive the Scheme Consideration for each Scheme Share held by such Scheme Participant as at the Scheme Consideration Record Date.

4.5 **Settlement of the Scheme Consideration**

4.5.1 Settlement of the Scheme Consideration is subject to the Exchange Control Regulations, the salient provisions of which are set out in Annexure 4 to this Circular.

4.5.2 Cullinan or its agents will administer and effect settlement of the Scheme Consideration to Scheme Participants.

4.5.3 If the Scheme becomes operative:

4.5.3.1 Scheme Participants who hold Dematerialised Cullinan Preference Shares will have their accounts held at their CSDPs or Brokers credited with the Scheme Consideration and debited with the Scheme Shares they are transferring to Cullinan pursuant to the Scheme on the Operative Date or, in the case of Dissenting Shareholders who subsequently become Scheme Participants, pursuant to paragraph 4.7.1, on the date contemplated in paragraph 4.7.1.2; and

4.5.3.2 Scheme Participants who hold Certificated Cullinan Preference Shares:

4.5.3.2.1 who have surrendered their Documents of Title and completed form of surrender *(blue)* to the Transfer Secretaries on or before 12:00 on the Scheme Consideration Record Date, will have the Scheme Consideration posted to them, at their risk, within five Business Days of the Operative Date; or

4.5.3.2.2 who surrender their Documents of Title and completed form of surrender *(blue)* to the Transfer Secretaries after 12:00 on the Scheme Consideration Record Date, will have the Scheme Consideration posted to them, at their risk, within five Business Days of the Transfer Secretaries receiving their Documents of Title and completed form of surrender *(blue)*, unless such Scheme Participants were Dissenting Shareholders who have subsequently become Scheme Participants pursuant to paragraph 4.7.1, in which case such Scheme Participants will still need to surrender their Documents of Title, together with a completed form of surrender *(blue)*, to the Transfer Secretaries and payment of the Scheme Consideration will only be posted to such Scheme Participants, at their risk, on the date set out in paragraph 4.7.1.2.

4.5.3.3 In the event that a Scheme Participant who holds Certificated Cullinan Preference Shares fails to surrender its Documents of Title and completed form of surrender *(blue)* to the Transfer Secretaries within three years of the Operative Date or, in respect of a Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 4.7.1.2 of this Circular, within three years of the date on which such Dissenting Shareholder became a Scheme Participant, the Scheme Consideration due to such Scheme Participant will be paid to the benefit of the Guardian's Fund of the Master of the High Court. In this regard such Scheme Participants irrevocably authorise and appoint Cullinan, in rem suam, with full power of substitution, to act as agent in the name, place and stead of such Scheme Participants to pay the Scheme Consideration to the benefit of the Guardian's Fund in the aforesaid manner.

4.6 **Effect of the Scheme**

4.6.1 If all of the Scheme Conditions are fulfilled or waived, as the case may be, and the Scheme becomes operative:

4.6.1.1 Scheme Participants (whether they voted in favour of the Scheme or not, or failed to vote) shall, with effect from the Operative Date, be deemed to have disposed of their Scheme Shares to Cullinan, which will be deemed to have acquired registered and beneficial ownership of the Scheme Shares in exchange for the Scheme Consideration, and Scheme Participants shall no longer be Cullinan Preference Shareholders;

4.6.1.2 Scheme Participants shall be deemed to have irrevocably authorised and instructed Cullinan to cause the Scheme Shares to be transferred and registered in the name of Cullinan on or at any time after the Operative Date and to take all such steps and sign all such documents as may be necessary to procure such transfer and registration; and

4.6.1.3 Scheme Participants shall be deemed to have instructed Cullinan as principal, but with the power to appoint agents, to procure that the Scheme Consideration is settled in accordance with the provisions of the Scheme.

4.6.2 The effect of the Scheme will be that Cullinan will, with effect from the Operative Date, become the registered and beneficial owner of all the Scheme Shares.

4.6.3 The Scheme shall be governed by the laws of South Africa only. Each Cullinan Preference Shareholder shall be deemed to have irrevocably submitted to the non-exclusive jurisdiction of the Courts of South Africa in relation to all matters arising out of or in connection with the Scheme.

4.7 **Dissenting Shareholders**

4.7.1 The Notice of Meeting attached to this Circular sets out the rights of the Preference Shareholders in terms of section 164(2)(b) of the Act, and full details are further contained in Annexure 4. Any Dissenting Shareholder that withdraws its demand made in terms of sections 164(5) to 164(8) of the Companies Act, either voluntarily or pursuant to an order of Court, or that allows an offer by the Company in terms of section 164(11) of the Companies

Act to lapse without exercising its rights in terms of section 164(14) of the Companies Act, shall, if that Dissenting Shareholder withdrew its demand or allowed the offer to lapse:

4.7.1.1 on or prior to the Scheme LDT, be deemed to be a Scheme Participant and be subject to the provisions of the Scheme; and

4.7.1.2 after the Scheme LDT, be deemed to have been a Scheme Participant as at the Operative Date of the Scheme, provided that settlement of the Scheme Consideration due to such Dissenting Shareholder shall take place on the later of (i) the Operative Date, (ii) the date which is five Business Days after that Dissenting Shareholder so withdrew its demand or allowed the Company's offer to lapse, as the case may be, and (iii) if that Dissenting Shareholder is a Certificated Cullinan Preference Shareholder, the date which is five Business Days after that Dissenting Shareholder shall have surrendered its Documents of Title and completed form of surrender *(blue)* to the Transfer Secretaries.

4.7.2 The provisions of section 164 of the Companies Act (which sets out the Appraisal Rights) are included in Annexure 4 to this Circular.

4.8 **Foreign Cullinan Preference Shareholders and Exchange Control Regulations**

Annexure 3 to this Circular contains a summary of the Exchange Control Regulations as they apply to Scheme Participants. Scheme Participants who are not resident in, or who have a registered address outside of South Africa, must satisfy themselves as to the full observance of the laws of any relevant territory concerning the receipt of the Scheme Consideration, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territory.

4.9 **Resources for settlement of Scheme Consideration**

Cullinan has confirmed that sufficient cash resources are available for the payment of the scheme consideration in terms of the scheme, and in compliance with Regulations 111(4) and 111(5) of the Act, Fluxmans Inc. Attorneys has provided to the TRP the necessary irrevocable unconditional confirmation that such cash is held in escrow.

4.10 **Restricted jurisdictions**

4.10.1 To the extent that the distribution of this Circular in certain jurisdictions outside of South Africa may be restricted or prohibited by the laws of such foreign jurisdiction then this Circular is deemed to have been provided for information purposes only and neither the Cullinan Board nor the Cullinan Board accepts any responsibility for any failure by Scheme Participants to inform themselves about, and to observe, any applicable legal requirements in any relevant foreign jurisdiction.

4.10.2 Scheme Participants who are in doubt as to their position should consult their professional advisors.

5. TERMINATION OF LISTING OF CULLINAN PREFERENCE SHARES

Following implementation of the Scheme, all the Cullinan Preference Shares will be owned by Cullinan and the listing of the Cullinan Preference Shares will be terminated on the JSE.

6. INTERESTS OF CULLINAN AND CULLINAN DIRECTORS IN CULLINAN PREFERENCE SHARES

6.1 As at the Last Practicable Date, Cullinan held no Cullinan Preference Shares.

6.2 As at the Last Practicable Date, none of the directors of Cullinan held any Cullinan Preference Shares.

6.3 Cullinan has never had any dealings in Cullinan Preference Shares.

6.4 No Cullinan director has ever had any dealings in Cullinan Preference Shares.

7. **IRREVOCABLE UNDERTAKINGS AND APPROVAL BY SOLE SHAREHOLDER**

The company has received irrevocable undertakings to vote in favour of the Scheme and the resolutions to be proposed at the Scheme Meeting from the following Cullinan Preference Shareholders, holding or controlling the number and percentage of the Scheme Shares indicated, which total 82,03% of the Cullinan Preference Shares.

Name	Number of Scheme Shares	Percentage of Scheme Shares
Old Sillery (Pty) Limited	150 128	30,03
Peter Shotter	150 000	30,00
Hester Shotter	60 000	12,00
Janus Asset Management	25 000	5,00
Ralph Rinaldi	25 000	5,00

The sole holder of the ordinary shares in the company has approved the proposal of the Scheme.

8. **INTERESTS AND DEALINGS IN THE CULLINAN PREFERENCE SHARES BY PROVIDERS OF IRREVOCABLE UNDERTAKINGS**

There have been no dealings in the Cullinan Preference Shares during the six month period prior to 9 November 2018 and the period from 9 November 2018 and ending on the Last Practicable Date by the parties set out in paragraph 7 above.

9. **REMUNERATION OF CULLINAN DIRECTORS**

Implementation of the Scheme will have no effect on the remuneration of Cullinan Directors, save that, as Cullinan Preference Shares will no longer be listed on the JSE, certain of the board structures may be amended.

10. **AGREEMENTS IN RELATION TO THE SCHEME**

10.1 Save for the irrevocable undertakings referred to in paragraph 7 above, no agreements have been entered into between Cullinan, the Cullinan Directors (or persons who were directors of Cullinan in the past 12 months) and/or Cullinan Preference Shareholders (or persons who were Cullinan Preference Shareholders in the past 12 months) and any of Cullinan, the Cullinan Directors (or persons who were directors of Cullinan in the past 12 months) or Cullinan Preference Shareholders (or persons who were Cullinan Preference Shareholders in the past 12 months) in relation to the Scheme.

10.2 Cullinan confirms that it is the ultimate prospective purchaser of the Scheme Shares and is acting alone and not in concert with any party.

11. **FINANCIAL INFORMATION RELATING TO CULLINAN**

Financial information for Cullinan

The audited historical financial information of Cullinan for the three financial years ended 30 September 2015, 2016 and 2017 and the interim results for the period ended 30 June 2018 are set out in Annexure 2.

12. **THE VIEW OF THE INDEPENDENT BOARD ON THE SCHEME**

12.1 In accordance with the Companies Act Regulations, the Cullinan Board has appointed the Independent Board, comprising Ms. A Mendiratta and Messrs. R Arendse and M Burton. The Independent Board has appointed the Independent Expert to compile a report on the Scheme. The Cullinan Board has provided all relevant information on Cullinan requested by the Independent Expert in order to compile the report.

12.2 The Independent Board, after due consideration of the report of the Independent Expert, has determined that it will place reliance on the valuation performed by the Independent Expert for the purposes of reaching its own opinion regarding the Scheme and the Scheme Consideration as contemplated in Companies Act Regulation 110(3)(b). The Independent Board has formed a view of the range of the Scheme Consideration for Cullinan Preference Shares, which accords with the range contained in the Independent Expert's report, in considering its opinion and recommendation. The Independent Board is not aware of any factors which are difficult to quantify or are unquantifiable (as contemplated in Companies Act Regulation 110(6)) and has not taken any such factors into account, in forming its opinion.

12.3 The Independent Board, taking into account the report of the Independent Expert, has considered the terms and conditions of the Scheme and the members of the Independent Board are unanimously of the opinion that the terms and conditions thereof are fair and reasonable to Cullinan Preference Shareholders and, accordingly, recommend that Scheme Members vote in favour of the Scheme at the General Meeting.

13. CULLINAN DIRECTORS' SERVICE CONTRACTS

13.1 The company has service contracts (oral or written) with the executive directors of Cullinan, which contracts contain provisions which are normal in agreements of this nature.

13.2 The executive and non-executive Cullinan Directors are appointed subject to applicable laws (including common law) and the provisions of the Company's memorandum of incorporation. The non-executive Cullinan Directors are subject to retirement by rotation and re-election in terms of the Company's memorandum of incorporation.

14. REPORT OF THE INDEPENDENT EXPERT

14.1 The report of the Independent Expert prepared in accordance with section 114(3) of the Companies Act and regulation 90 of the Companies Act Regulations is set out in Annexure 1 to this Circular.

14.2 Having considered the terms and conditions of the Scheme and based on the conditions set out in its report, the Independent Expert has concluded that the terms and conditions of the Scheme are both fair and fair and reasonable to Cullinan Preference Shareholders, as each of these terms is respectively defined in the Companies Act Regulations.

15. RECOMMENDATION BY CULLINAN DIRECTORS

The Cullinan Directors recommend that the Cullinan Preference Shareholders vote in favour of the Scheme at the General Meeting.

16. FOREIGN CULLINAN PREFERENCE SHAREHOLDERS AND EXCHANGE CONTROL REGULATIONS

Information regarding Foreign Cullinan Preference Shareholders and Exchange Control Regulations is set out in Annexure 3 to this Circular.

17. TAX IMPLICATIONS FOR CULLINAN PREFERENCE SHAREHOLDERS

The tax treatment of Scheme Participants is dependent on their individual circumstances and on the tax jurisdiction applicable to such Scheme Participants. It is recommended that the Scheme Participants seek appropriate advice in this regard.

18. INDEPENDENT BOARD RESPONSIBILITY STATEMENT

The Independent Board accepts responsibility for the information contained in this Circular which relates to Cullinan and confirms that, to the best of its knowledge and belief, such information which relates to Cullinan is true and the Circular does not omit anything likely to affect the accuracy of such information.

19. CULLINAN BOARD RESPONSIBILITY STATEMENT

The board of Cullinan accepts responsibility for the information contained in this Circular which relates to Cullinan and confirms that, to the best of its knowledge and belief, such information which relates to Cullinan is true and the Circular does not omit anything likely to affect the accuracy of such information.

20. ADVISORS' CONSENTS

The parties referred to in the "Corporate Information and Advisors" section of this Circular, have consented in writing to act in the capacities stated and to the inclusion of their names and, where applicable, reports, in this Circular in the form and context in which they appear and have not withdrawn their consents prior to the publication of this Circular.

21. TAKEOVER REGULATION PANEL APPROVALS

The Cullinan Preference Shareholders should take note that the TRP does not consider commercial advantages or disadvantages of affected transactions when it approves such transactions.

22. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by the Cullinan Preference Shareholders at the registered offices of Cullinan from the date of posting of this Circular until the end of the Operative Date:

22.1 the audited annual financial statements of Cullinan for the three financial years ended 30 September 2015, 2016 and 2017; and the interim results for the 9 months ended 30 June 2018;

22.2 the consent letters referred to in paragraph 20 of this Circular;

22.3 a signed copy of this Circular;

22.4 the signed report of the Independent Expert;

22.5 the memorandum of incorporation of Cullinan;

22.6 the irrevocable letters of undertaking by the shareholders of Cullinan referred to in paragraph 7 of this Circular;

22.7 the service contracts with executive directors where these are in writing; and

22.8 the letter of approval of this circular issued by the TRP.

Signed at Johannesburg on behalf of the board of directors of Cullinan on 14 December 2018

M Burton
Chairperson of the Independent Board

Signed at Johannesburg on behalf of the board of directors of Cullinan on 14 December 2018

DK Standage
Financial Director

REPORT OF THE INDEPENDENT EXPERT REGARDING THE SCHEME

The Independent Board of Directors
Cullinan Holdings Limited
The Travel House
6 Hood Avenue
Rosebank
Johannesburg
2001

28 November 2018

Dear Sirs/Madams

INDEPENDENT FAIR AND REASONABLE REPORT IN RESPECT OF THE PROPOSED REPURCHASE OF THE ISSUED 5.5% CUMULATIVE PREFERENCE SHARE CAPITAL OF CULLINAN HOLDINGS LIMITED

1. **INTRODUCTION**

In terms of offer made by Cullinan Holdings Limited ("Cullinan" or "the Company") on 9 November 2018 to Cullinan preference shareholders, the Company wishes to purchase 100% of the issued 5.5% cumulative preference share capital of Cullinan ("Scheme Shares") from Cullinan preference shareholders ("Cullinan Preference Shareholders") (the "Proposed Transaction").

The Proposed Transaction will be implemented by way of a scheme of arrangement ("Scheme") in terms of section 114(1) read together with section 115 of the Companies Act 71 of 2008, as amended ("Companies Act"), to be proposed by the Cullinan board of directors (the "Board") between Cullinan and the Cullinan Preference Shareholders.

If the Scheme becomes unconditional and is implemented, each of the Cullinan Preference Shareholders will receive 220 cents for every Scheme Share held by them ("Scheme Consideration").

Full particulars of the Proposed Transaction are contained in the offer ("the Offer") to Cullinan Preference Shareholders to be dated on or about [insert date], of which this opinion forms part.

2. **SCOPE**

Moore Stephens Cape Town Corporate Services (Pty) Ltd ("Moore Stephens") has been appointed by the Board as the independent expert to advise, in accordance with the Companies Act, on whether the terms and conditions of the Scheme are fair and reasonable, as far as Cullinan Preference Shareholders are concerned.

3. **RESPONSIBILITY**

Compliance with the Companies Act is the responsibility of the Board. Moore Stephens's responsibility is to report on the terms and conditions of the Proposed Transaction as they relate to Cullinan Preference Shareholders.

We confirm that our fair and reasonable opinion (the "Opinion") has been provided to the Board, which Opinion will be distributed to Cullinan Preference Shareholders in connection with the Proposed Transaction requiring shareholder approval of same. We understand that the results of our work will be used by the Board to satisfy the requirements of the Companies Act.

4. **DEFINITION OF THE TERMS "FAIR" AND "REASONABLE"**

A transaction will generally be considered fair to shareholders if the benefits received by shareholders, as a result of the transaction, are equal to or greater than the value surrendered.

The assessment of fairness is primarily based on quantitative considerations. Accordingly, the Scheme may be considered fair if the Scheme Consideration is equal to or greater than the value of the Scheme Shares being surrendered by Cullinan Preference Shareholders.

In terms of the Companies Regulations, a transaction will be considered reasonable if the value received by the shareholders in terms of the corporate action is higher than the market price of the company's securities at the time that the corporate action was announced.

The Proposed Transaction may therefore be considered reasonable if the Scheme Consideration exceeds the fair value of the Cullinan Preference Shares as at the date of the announcement of the Proposed Transaction.

In addition, other qualitative factors are also considered in evaluating the reasonability of the Scheme Consideration. Even though the consideration may differ from the fair value of the assets being acquired, a transaction may still be reasonable after considering other significant qualitative factors.

We have applied the aforementioned principles in preparing our Opinion. This fair and reasonable opinion does not purport to cater for an individual shareholder's position but rather the general body of shareholders subject to the Scheme. A shareholder's decision regarding fairness and reasonableness of the terms of the Scheme may be influenced by their particular circumstances (for example taxation and the original price paid for the shares).

5. SOURCES OF INFORMATION

In the course of our valuation analysis, we relied upon financial and other information, including prospective financial information, obtained from Cullinan management ("Management") and from various public, financial and industry sources. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in performing our indicative valuation of Cullinan include:

- The Memorandum of Incorporation of Cullinan Holdings Limited;
- The terms and conditions of the Proposed Transaction, as set out in the Offer;
- The firm intention letter setting out the terms and conditions of the offer;
- The audited consolidated annual financial statements of Cullinan for FY17;
- Publicly available information relating to the industries in which Cullinan operates that we deemed relevant, including company announcements, analysts' reports and media articles.

6. ASSUMPTIONS

We have arrived at our opinion based on the following assumptions:

- That all agreements that have been entered into in terms of the Scheme are legally enforceable as between the relevant parties thereto;
- That reliance can be placed on the historical and financial information of Cullinan;
- That the current economic, regulatory and market conditions will not change materially;
- There are no undisclosed contingencies that could affect the value of Cullinan;
- The structure of the Scheme will not give rise to any undisclosed tax liabilities;
- Reliance can be placed on the representations made by Management during the course of forming this opinion.

7. APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- Considering the terms set out in the Memorandum of Incorporation of Cullinan;
- Assessing the reasonableness of the disclosures in the AFS of Cullinan.

8. PROCEDURES

In arriving at our opinion, we relied upon financial and other information, obtained from Management together with industry-related and other information in the public domain. Our conclusion is dependent on such information being complete and accurate in all material respects.

In arriving at our opinion we have, *inter alia*, undertaken the following procedures in evaluating the fairness and reasonableness of the Proposed Transaction:

- Reviewed the terms and conditions of the Scheme as set out in the Offer;
- Reviewed and obtained an understanding from Management of the aforementioned financial information of Cullinan, as detailed above;
- Reviewed the reasonableness of the information made available by and from discussions held with Cullinan and Management, including the rationale for the Proposed Transaction;
- Where relevant, corroborated representations made by Management to source documents;
- Obtained letters of representation from Cullinan and Management asserting that we have been provided with all relevant information, that no material information was omitted and that all such information provided to us is complete and accurate in all respects;
- Considered other relevant facts and information in concluding this opinion.

9. VALUATION METHODOLOGY

In considering the Proposed Transaction, Moore Stephens performed an independent valuation of the Scheme Shares as at 31 August 2018.

For our valuation of the Cullinan Preference Shares, we have applied the dividend discount model ("DDM") valuation method as our primary valuation methodology. With this method, the shares are valued at the net present value of the future expected dividends. The key external and internal value drivers identified in the valuation of Cullinan include, *inter alia*:

- the preference share terms as set out in the Memorandum of Incorporation;
- preference dividend payments, and the preference share coupon rate.

In respect of the above, we note that the Scheme Shares pay a fixed dividend rate of 5,5% per annum. Furthermore, the preference share terms do not specify any premium to be paid upon redemption.

10. REASONABILITY

In arriving at our opinion with respect to the reasonability of the Proposed Transaction, we considered the rationale for the Proposed Transaction.

The Scheme Consideration of 220 cents per Scheme Share represents a premium of 10% to the original issue price of 200 cents per preference share.

11. MATERIAL EFFECTS ON THE RIGHTS OF CULLINAN PREFERENCE SHAREHOLDERS

The effect of the Proposed Transaction is that the Company will repurchase the Scheme Shares for the Scheme Consideration, being 220 cents per preference share.

12. OPINION

Our opinion is based on the current economic, market, regulatory and other conditions and the information made available to us up to and including 31 August 2018. Accordingly, subsequent developments may effect this opinion, which we are under no obligation to update, revise, re-affirm or otherwise report on, as stated herein.

The range of share prices for the Scheme Shares is between 200 and 211 cents per Scheme Share, with a core valuation of 211 cents per Scheme Share, being the face value per share plus the accrued December 2018 dividend per share. The Scheme Consideration is above the core valuation value.

Subject to the aforegoing assumptions, based on our analysis and after taking into account all financial and non-financial considerations, we are of the opinion that the Proposed Transaction is both fair and reasonable to Cullinan Preference Shareholders.

13. **LIMITING CONDITIONS**

This opinion is provided to the Board in connection with and for the purpose of the Proposed Transaction, for the sole purpose of assisting the Board in forming and expressing an opinion for the benefit of Cullinan Preference Shareholders. This opinion is prepared solely for the Board and therefore should not be regarded as suitable for use by any other party nor give rise to third party rights.

We relied upon the completeness and accuracy of the information used by us in deriving our opinion, albeit that, where practicable, we have corroborated the reasonableness of such information and assumptions through, amongst other things, reference to historic precedent and our knowledge and understanding. Whilst our work has involved an analysis of the annual financial statements, forecasts and other information provided to us, our engagement does not constitute nor does it include an audit conducted in accordance with applicable auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us in respect of the Proposed Transaction.

The opinion expressed is necessarily based upon information available to us, the financial, regulatory and other conditions and circumstances existing and disclosed to us up to and including 31 August 2018. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals required in connection with the Proposed Transaction have been or will be properly fulfilled. Subsequent developments may affect our opinion, however we are under no obligation to update, revise, re-affirm or otherwise report such.

14. **SECTIONS 115 AND 164 OF THE COMPANIES ACT**

Extracts of sections 115 and 164 of the Companies Act have been included as Annexure 4 to the Offer.

15. **INTEREST OF DIRECTORS OF CULLINAN**

The shareholding of directors of Cullinan, directly and indirectly, is set out in paragraph 6 to the Offer.

16. **INDEPENDENCE AND ADDITIONAL REGULATORY DISCLOSURES**

We confirm that Moore Stephens holds no shares in Cullinan, directly or indirectly. We have no interest, direct or indirect, beneficial or non-beneficial, and to the best of our knowledge we are not related to a person who has or has had such interest in Cullinan within the immediately preceding two years or in the outcome of the Proposed Transaction.

The directors, partners, officers and employees of Moore Stephens engaged in this assignment, have the necessary qualifications, expertise and competencies to (i) understand the Proposed Transaction; (ii) evaluate the consequences of the Proposed Transaction; and (iii) assess the effect of the Proposed Transaction on the value of the shares, the rights and interests of the Cullinan Preference Shareholders and are able to express opinions, exercise judgement and make decisions impartially in carrying out this assignment.

Furthermore, we confirm that our professional fee for the opinion is R20 000 (excluding VAT), payable in cash, and is not contingent on the outcome of the Proposed Transaction.

17. **CONSENT**

We hereby consent to the inclusion of this opinion and references thereto, in whole or in part, in the form and context in which they appear to be included in any required regulatory announcement or documentation regarding the Proposed Transaction.

Yours faithfully

A Pitt
Director

Moore Stephens Cape Town Corporate Services (Pty) Ltd
2nd Floor, Block 2
Northgate Park
Corner Section Street and Koeberg Road
Cape Town
7405

Annexure A | Copy of section 114 of the Act

"114. Proposals for scheme of arrangement –

(1) Unless it is in liquidation or in the course of business rescue proceedings in terms of Chapter 6, the board of a company may propose and, subject to subsection (4) and approval in terms of this Part, implement any arrangement between the company and holders of any class of its securities, by way of, among other things –

(a) a consolidation of securities of different classes;

(b) a division of securities into different classes;

(c) an expropriation of securities from the holders;

(d) exchanging any of its securities for other securities;

(e) a re-acquisition by the company of its securities; or

(f) a combination of the methods contemplated in this subsection.

[Sub-s. (1) substituted by s. 70 (a) of Act No. 3 of 2011.]

(2) The company must retain an independent expert, who meets the following requirements, to compile a report as required by subsection (3):

(a) The person to be retained must be –

(i) qualified, and have the competence and experience necessary to –

(aa) understand the type of arrangement proposed;

(bb) evaluate the consequences of the arrangement; and

(cc) assess the effect of the arrangement on the value of securities and on the rights and interests of a holder of any securities, or a creditor of the company; and

(ii) able to express opinions, exercise judgment and make decisions impartially.

(b) The person to be retained must not –

(i) have any other relationship with the company or with a proponent of the arrangement, such as would lead a reasonable and informed third party to conclude that the integrity, impartiality or objectivity of that person is compromised by that relationship;

(ii) have had any relationship contemplated in subparagraph (i) within the immediately preceding two years; or

(iii) be related to a person who has or has had a relationship contemplated in subparagraph (i) or (ii).

[Sub-s. (2) amended by s. 70 (b) of Act No. 3 of 2011.]

(3) The person retained in terms of subsection (2) must prepare a report to the board, and cause it to be distributed to all holders of the company's securities, concerning the proposed arrangement, which must, at a minimum –

(a) state all prescribed information relevant to the value of the securities affected by the proposed arrangement;

(b) identify every type and class of holders of the company's securities affected by the proposed arrangement;

(c) describe the material effects that the proposed arrangement will have on the rights and interests of the persons mentioned in paragraph (b);

(d) evaluate any material adverse effects of the proposed arrangement against –

   (i) (the compensation that any of those persons will receive in terms of that arrangement; and

   (ii) any reasonably probable beneficial and significant effect of that arrangement on the business and prospects of the company;

(e) state any material interest of any director of the company or trustee for security holders;

   [Para. (e) substituted by s. 70 (c) of Act No. 3 of 2011.]

(f) state the effect of the proposed arrangement on the interest and person contemplated in paragraph (e); and

(g) include a copy of sections 115 and 164.

(4) Section 48 applies to a proposed arrangement contemplated in this section to the extent that the arrangement would result in any re-acquisition by a company of any of its previously issued securities.

   [Sub-s. (4) inserted by s. 70 (d) of Act No. 3 of 2011.]

THREE YEAR HISTORICAL FINANCIAL INFORMATION OF CULLINAN AND INTERIM RESULTS FOR THE NINE MONTHS ENDED 30 JUNE 2018

BASIS OF PREPARATION

The consolidated statements of financial position, statements of comprehensive income, statements of changes in equity, cash flow statements and notes of Cullinan for the financial years ended 30 September 2015, 2016 and 2017, have been extracted and compiled from the audited consolidated annual financial statements of Cullinan. The preparation of this Annexure 2 is the responsibility of the directors of Cullinan.

The historical financial information of Cullinan was audited by Mazars and was reported on without qualification for all of the aforementioned financial periods.

STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2016

R'000	Notes	Group 2016	Group 2015	Company 2016	Company 2015 Restated
ASSETS					
Non-current assets					
Property, plant and equipment	2	**255 428**	258 813	**125 888**	117 666
Investment properties	3	**13 350**	10 900	**11 190**	11 320
Goodwill	4	**100 030**	99 948	**59 787**	59 787
Intangible assets	5	**20 595**	24 321	**20 584**	24 320
Investment in subsidiaries	6	**–**	–	**49 810**	49 810
Investment in joint ventures	7	**11 981**	7 054	**1 483**	1 784
Investment in associate companies		**3 152**	3 732	**2 388**	2 388
Loans to group companies	8	**–**	–	**57 958**	69 137
Deferred tax	9	**4 703**	3 434	**2 557**	2 701
		409 239	408 202	**331 645**	338 913
Current assets					
Inventories	10	**43 175**	60 426	**14 178**	11 989
Loans to group companies	8	**–**	–	**25 584**	64 096
Trade and other receivables	11	**441 214**	457 647	**385 489**	303 482
Other financial assets	12	**3 829**	–	**3 829**	–
Current tax receivable		**10 921**	10 098	**9 041**	7 797
Cash and cash equivalents	13	**229 694**	108 631	**190 100**	71 823
		728 833	636 802	**628 221**	459 187
Total assets		**1 138 072**	1 045 004	**959 866**	798 100
EQUITY AND LIABILITIES					
Equity					
Share capital	14	**157 634**	157 634	**157 634**	157 634
Reserves		**38 411**	23 005	**36 904**	23 709
Retained income		**290 812**	236 497	**156 678**	129 889
		486 857	417 136	**351 216**	311 232
Non-controlling interest		**3 291**	3 218	**–**	–
		490 148	420 354	**351 216**	311 232
Liabilities					
Non-current liabilities					
Loans from group companies	8	**–**	–	**–**	3 628
Loans from shareholders	20	**45 000**	70 000	**45 000**	70 000
Other financial liabilities	21	**500**	500	**500**	500
Operating lease liability	22	**9 073**	5 320	**5 364**	2 412
Deferred tax	9	**12 223**	8 881	**–**	–
		66 796	84 701	**50 864**	76 540
Current liabilities					
Trade and other payables	23	**575 507**	525 682	**551 768**	397 305
Loans from group companies	8	**–**	–	**3 598**	–
Other financial liabilities	21	**942**	2 336	**–**	2 336
Operating lease liability	22	**857**	1 729	**447**	1 112
Current tax payable		**1 496**	365	**–**	–
Provisions	24	**1 956**	1 556	**1 956**	1 556
Dividend payable		**17**	8 019	**17**	8 019
Bank overdraft	13	**353**	262	**–**	–
		581 128	539 949	**557 786**	410 328
Total liabilities		**647 924**	624 650	**608 650**	486 868
Total equity and liabilities		**1 138 072**	1 045 004	**959 866**	798 100

Please refer to note 11. The restatement has no effect on the consolidated statement of cash flow for the year ending 30 September 2015 and has not impacted on the opening statement of financial position.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2016

		Group		Company	
R'000	Notes	**2016**	2015 Restated	**2016**	2015 Restated
Revenue	25	**1 040 674**	894 326	**587 970**	523 664
Turnover	25	**1 033 738**	888 575	**578 080**	514 675
Cost of sales	26	**(400 602)**	(335 107)	**(100 561)**	(85 042)
Gross profit		**633 136**	553 468	**477 519**	429 633
Other income	27	**35 798**	31 749	**30 061**	30 443
Operating expenses		**(569 328)**	(510 239)	**(448 185)**	(402 641)
Trading profit	28	**99 606**	74 978	**59 395**	57 435
Investment revenue	29	**6 936**	5 751	**9 890**	8 989
Fair value adjustments	30	**710**	–	**(130)**	–
Income from equity accounted investments		**2 129**	(857)	**–**	–
Finance costs	31	**(5 991)**	(3 923)	**(5 478)**	(3 813)
Profit before taxation		**103 390**	75 949	**63 677**	62 611
Taxation	32	**(32 267)**	(19 953)	**(20 885)**	(15 112)
Profit for the year		**71 123**	55 996	**42 792**	47 499
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gains and losses on property revaluation		**(244)**	–	**–**	–
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		**2 455**	(215)		
Effects of cash flow hedges		**7 856**	(7 856)	**7 856**	(7 856)
Total items that may be reclassified to profit or loss		**10 311**	(8 071)	**7 856**	(7 856)
Other comprehensive income for the year net of taxation	33	**10 067**	(8 071)	**7 856**	(7 856)
Total comprehensive income for the year		**81 190**	47 925	**50 648**	39 643
Profit attributable to:					
Owners of the parent		**70 318**	56 321	**42 792**	47 499
Non-controlling interest		**805**	(325)	**–**	–
		71 123	55 996	**42 792**	47 499
Total comprehensive income attributable to:					
Owners of the parent		**80 385**	48 250	**50 648**	39 643
Non-controlling interest		**805**	(325)	**–**	–
		81 190	47 925	**50 648**	39 643
Earnings per share					
Per share information					
Basic earnings per share [c]	34	**8,79**	7,04		
Diluted earnings per share [c]	34	**8,64**	6,91		

Refer note 27 for reason for 2015 restatement.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016

R'000	Share capital	Share premium	Total share capital	Foreign currency trans-lation reserve	Hedging reserve	Re-valuation reserve	Share based payment reserve	Other NDR	Total reserves	Retained income	Total attrib-utable to equity holders of the group/company	Non-contol-ling interest	Total equity
Group													
Balance at 01 October 2014	8 548	149 086	157 634	(1 359)	–	870	6 626	20 880	28 376	196 179	382 189	4 180	386 369
Profit for the year	–	–	–	–	–	–	–	–	–	56 321	56 321	(325)	55 996
Other comprehensive income	–	–	–	(215)	(7 856)	–	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	(215)	(7 856)	–	–	–	–	56 321	56 321	(325)	55 996
Share-based payment expense	–	–	–	–	–	–	4 059	–	4 059	–	4 059	–	4 059
Dividends	–	–	–	–	–	–	–	–	–	(16 003)	(16 003)	(637)	(16 640)
Total transactions with owners of the company	–	–	–	–	–	–	4 059	–	4 059	(16 003)	(11 944)	(637)	(12 581)
Balance at 1 October 2015	8 548	149 086	157 634	(1 574)	(7 856)	870	10 685	20 880	32 435	236 497	426 566	3 218	429 784
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**70 318**	**70 318**	**805**	**71 123**
Other comprehensive income	**–**	**–**	**–**	**2 455**	**7 856**	**(244)**	**–**	**–**	**(244)**	**–**	**(244)**	**–**	**(244)**
Total comprehensive income for the year	**–**	**–**	**–**	**2 455**	**7 856**	**(244)**	**–**	**–**	**(244)**	**70 318**	**70 074**	**805**	**70 879**
Share-based payment expense	**–**	**–**	**–**	**–**	**–**	**–**	**5 339**	**–**	**5 339**	**–**	**5 339**	**–**	**5 339**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(16 003)**	**(16 003)**	**(732)**	**(16 735)**
Total transactions with owners of the company	**–**	**–**	**–**	**–**	**–**	**–**	**5 339**	**–**	**5 339**	**(16 003)**	**(10 664)**	**(732)**	**(11 396)**
Balance at 30 September 2016	**8 548**	**149 086**	**157 634**	**881**	**–**	**626**	**16 024**	**20 880**	**37 530**	**290 812**	**485 976**	**3 291**	**489 267**
Notes	14	14	14	15 & 33	16 & 33	17 & 33	18	19		33			

STATEMENT OF CHANGES IN EQUITY (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2016

R'000	Share capital	Share premium	Total share capital	Hedging reserve	Share-based payment reserve	Other NDR	Total reserves	Retained income	Total attributable to equity holders of the group/company
Company									
Balance at 1 October 2014	8 548	149 086	157 634	–	6 626	20 880	20 880	98 393	276 907
Profit for the year	–	–	–	–	–	–	–	47 499	47 499
Other comprehensive income	–	–	–	(7 856)	–	–	–	–	–
Total comprehensive income for the year	–	–	–	(7 856)	–	–	–	47 499	47 499
Share-based payment expense	–	–	–	–	4 059	–	–	–	–
Dividends	–	–	–	–	–	–	–	(16 003)	(16 003)
Total transactions with owners of the company	–	–	–	–	4 059	–	–	(16 003)	(16 003)
Balance at 1 October 2015	8 548	149 086	157 634	(7 856)	10 685	20 880	20 880	129 889	308 403
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**42 792**	**42 792**
Other comprehensive income	**–**	**–**	**–**	**7 856**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**7 856**	**–**	**–**	**–**	**42 792**	**42 792**
Share-based payment expense	**–**	**–**	**–**	**–**	**5 339**	**–**	**–**	**–**	**–**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(16 003)**	**(16 003)**
Total transactions with owners of the company	**–**	**–**	**–**	**–**	**5 339**	**–**	**–**	**(16 003)**	**(16 003)**
Balance at 30 September 2016	**8 548**	**149 086**	**157 634**	**–**	**16 024**	**20 880**	**20 880**	**156 678**	**335 192**
Notes	14	14	14	16 & 33	18	19		33	

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2017

R'000	Notes	Group 2017	Group 2016	Company 2017	Company 2016
Revenue	2	**1 014 435**	1 040 674	**699 449**	587 970
Turnover	2	**1 005 518**	1 033 738	**688 487**	578 080
Cost of sales	3	**(306 904)**	(400 602)	**(124 288)**	(100 561)
Gross profit		**698 614**	633 136	**564 199**	477 519
Other operating gains	4	**30 560**	35 798	**28 809**	30 061
Other operating expenses		**(612 224)**	(569 328)	**(505 850)**	(448 185)
Trading profit	5	**116 950**	99 606	**87 158**	59 395
Investment revenue	6	**8 917**	6 936	**10 962**	9 890
Finance costs		**(4 283)**	(5 991)	**(4 224)**	(5 478)
Income from equity accounted investments		**6 205***	2 129	**–**	–
Other non-operating gains/(losses)		**–**	710	**–**	(130)
Profit before taxation		**127 789**	103 390	**93 896**	63 677
Taxation	7	**(35 840)**	(32 267)	**(26 913)**	(20 885)
Profit for the year		**91 949**	71 123	**66 983**	42 792
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gains and losses on property revaluation		**–**	(244)	**–**	–
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		**(494)**	2 455	**–**	–
Effects of cash flow hedges		**–**	7 856	**–**	7 856
Total items that may be reclassified to profit or loss		**(494)**	10 311	**–**	7 856
Other comprehensive income for the year net of taxation		**(494)**	10 067	**–**	7 856
Total comprehensive income for the year		**91 455**	81 190	**66 983**	50 648
Profit attributable to:					
Owners of the parent		**92 383**	70 318	**66 983**	42 792
Non-controlling interest		**(434)**	805	**–**	–
		91 949	71 123	**66 983**	42 792
Total comprehensive income attributable to:					
Owners of the parent		**91 889**	80 385	**66 983**	50 648
Non-controlling interest		**(434)**	805	**–**	–
		91 455	81 190	**66 983**	50 648
Earnings per share					
Per Share information					
Basic earnings per share [c]	8	**11,52**	8,79		
Diluted earnings per share [c]	8	**11,37**	8,64		

* The majority of income from equity accounted investments can be referenced to note 13 for investments in joint ventures.

STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2017

		Group		Company	
R'000	Notes	**2017**	2016	**2017**	2016
ASSETS					
Non-current assets					
Property, plant and equipment	9	**320 498**	255 428	**156 994**	125 888
Investment properties		**13 350**	13 350	**11 190**	11 190
Goodwill	10	**97 402**	100 030	**59 787**	59 787
Intangible assets	11	**21 043**	20 595	**20 730**	20 584
Investment in subsidiaries	12	**–**	–	**50 256**	49 810
Investment in joint ventures	13	**17 997**	11 981	**1 840**	1 483
Investment in associates		**3 124**	3 152	**2 388**	2 388
Loans to group companies	14	**–**	–	**36 977**	57 958
Deferred tax	15	**6 971**	4 703	**3 512**	2 557
		480 385	409 239	**343 674**	331 645
Current assets					
Inventories	16	**31 952**	43 175	**11 938**	14 178
Loans to group companies	14	**–**	–	**23 625**	25 584
Trade and other receivables	17	**536 774**	441 214	**489 181**	385 489
Other financial assets		**1 763**	3 829	**1 758**	3 829
Current tax receivable		**4 199**	10 921	**3 181**	9 041
Cash and cash equivalents	18	**246 977**	229 694	**220 208**	190 100
		821 665	728 833	**749 891**	628 221
Total assets		**1 302 050**	1 138 072	**1 093 565**	959 866
EQUITY AND LIABILITIES					
Equity					
Share capital	19	**185 288**	157 634	**185 288**	157 634
Reserves		**15 927**	38 411	**14 914**	36 904
Retained income		**366 852**	290 812	**207 626**	156 678
		568 067	486 857	**407 828**	351 216
Non-controlling interest		**972**	3 291	**–**	–
		569 039	490 148	**407 828**	351 216
Liabilities					
Non-current liabilities					
Loans from shareholders	20	**45 000**	45 000	**45 000**	45 000
Preference share liability		**500**	500	**500**	500
Operating lease liability		**10 888**	9 073	**6 799**	5 364
Deferred tax	15	**16 972**	12 223	**–**	–
		73 360	66 796	**52 299**	50 864
Current liabilities					
Trade and other payables	21	**650 035**	575 507	**620 983**	551 768
Loans from group companies	14	**–**	–	**3 577**	3 598
Other financial liabilities		**15**	942	**–**	–
Operating lease liability		**1 014**	857	**834**	447
Current tax payable		**138**	1 496	**–**	–
Provisions		**8 027**	1 956	**8 027**	1 956
Dividend payable		**17**	17	**17**	17
Bank overdraft	18	**405**	353	**–**	–
		659 651	581 128	**633 438**	557 786
Total liabilities		**733 011**	647 924	**685 737**	608 650
Total equity and liabilities		**1 302 050**	1 138 072	**1 093 565**	959 866

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017

R'000	Share capital	Share premium	Total share capital	Foreign currency translation reserve	Hedging reserve	Revaluation reserve	Share-based payment reserve	Other NDR	Total reserves	Retained income	Total attributable to equity holders of the group/company	Non-contolling interest	Total equity
Group													
Balance at 1 October 2015	8 548	149 086	157 634	(1 574)	(7 856)	870	10 685	20 880	23 005	236 497	417 136	3 218	420 354
Profit for the year	–	–	–	–	–	–	–	–	–	70 318	70 318	805	71 123
Other comprehensive income	–	–	–	2 455	7 856	(244)	–	–	10 067	–	10 067	–	10 067
Total comprehensive income for the year	–	–	–	2 455	7 856	(244)	–	–	10 067	70 318	80 385	805	81 190
Share-based payment expense	–	–	–	–	–	–	5 339	–	5 339	–	5 339	–	5 339
Dividends (refer note 8)	–	–	–	–	–	–	–	–	–	(16 003)	(16 003)	(732)	(16 735)
Total transactions with owners of the company	–	–	–	–	–	–	5 339	–	5 339	(16 003)	(10 664)	(732)	(11 396)
Balance at 1 October 2016	8 548	149 086	157 634	881	–	626	16 024	20 880	38 411	290 812	486 857	3 291	490 148
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**92 383**	**92 383**	**(434)**	**91 949**
Other comprehensive income	**–**	**–**	**–**	**(494)**	**–**	**–**	**–**	**–**	**(494)**	**–**	**(494)**	**–**	**(494)**
Total comprehensive income for the year	**–**	**–**	**–**	**(494)**	**–**	**–**	**–**	**–**	**(494)**	**92 383**	**91 889**	**(434)**	**91 455**
Employees share options	**35**	**6 739**	**6 774**	**–**	**–**	**–**	**(6 417)**	**–**	**(6 417)**	**–**	**357**	**–**	**357**
Share-based payment expense	**–**	**–**	**–**	**–**	**–**	**–**	**5 307**	**–**	**5 307**	**–**	**5 307**	**–**	**5 307**
Transfer of reserves	**–**	**20 880**	**20 880**	**–**	**–**	**–**	**–**	**(20 880)**	**(20 880)**	**–**	**–**	**–**	**–**
Dividends (refer note 8)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(16 035)**	**(16 035)**	**(577)**	**(16 612)**
Changes in ownership interest – control not lost	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(308)**	**(308)**	**(1 308)**	**(1 616)**
Total transactions with owners of the company	**35**	**27 619**	**27 654**	**–**	**–**	**–**	**(1 110)**	**(20 880)**	**(21 990)**	**(16 343)**	**(10 679)**	**(1 885)**	**(12 564)**
Balance at 30 September 2017	**8 583**	**176 705**	**185 288**	**387**	**–**	**626**	**14 914**	**–**	**15 927**	**366 852**	**568 067**	**972**	**569 039**
Notes	19	19	19				29						

STATEMENT OF CHANGES IN EQUITY (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2017

R'000	Share capital	Share premium	Total share capital	Hedging reserve	Share-based payment reserve	Other NDR	Total reserves	Retained income	Total attributable to equity holders of the group/company
Company									
Balance at 1 October 2015	8 548	149 086	157 634	(7 856)	10 685	20 880	23 709	129 889	311 232
Profit for the year	–	–	–	–	–	–	–	42 792	42 792
Other comprehensive income	–	–	–	7 856	–	–	7 856	–	7 856
Total comprehensive income for the year	–	–	–	7 856	–	–	7 856	42 792	50 648
Share-based payment expense	–	–	–	–	5 339	–	5 339	–	5 339
Dividends (refer note 8)	–	–	–	–	–	–	–	(16 003)	(16 003)
Total transactions with owners of the company	–	–	–	–	5 339	–	5 339	(16 003)	(10 664)
Balance at 1 October 2016	8 548	149 086	157 634	–	16 024	20 880	36 904	156 678	351 216
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**66 983**	**66 983**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**66 983**	**66 983**
Employees share options	**35**	**6 739**	**6 774**	**–**	**(6 417)**	**–**	**(6 417)**	**–**	**357**
Share-based payment expense	**–**	**–**	**–**	**–**	**5 307**	**–**	**5 307**	**–**	**5 307**
Transfer of reserves	**–**	**20 880**	**20 880**	**–**	**–**	**(20 880)**	**(20 880)**	**–**	**–**
Dividends (refer note 8)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(16 035)**	**(16 035)**
Total transactions with owners of the company	**35**	**27 619**	**27 654**	**–**	**(1 110)**	**(20 880)**	**(21 990)**	**(16 035)**	**(10 371)**
Balance at 30 September 2017	**8 583**	**176 705**	**185 288**	**–**	**14 914**	**–**	**14 914**	**207 626**	**407 828**
Notes	19	19	19		29				

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 SEPTEMBER 2017

		Group		Company	
R'000	Notes	**2017**	2016	**2017**	2016
Cash flow from operating activities					
Cash generated from operations	22	**165 856**	236 823	**100 269**	164 218
Interest income	6	**8 917**	6 936	**9 239**	7 705
Dividend income		**–**	–	**1 723**	2 185
Finance costs		**(4 283)**	(5 991)	**(4 224)**	(5 478)
Tax paid	23	**(27 993)**	(29 887)	**(22 007)**	(21 985)
Dividends paid	24	**(16 035)**	(24 005)	**(16 035)**	(24 005)
Net cash from operating activities		**126 462**	183 876	**68 965**	122 640
Cash flows from investing activities					
Purchase of property, plant and equipment	9	**(105 791)**	(40 892)	**(53 890)**	(29 511)
Sale of property, plant and equipment	9	**4 735**	4 320	**3 068**	1 195
Purchase of other intangible assets	11	**(6 276)**	(822)	**(5 937)**	(805)
Investment in joint ventures		**(357)**	–	**(357)**	–
Loans to group companies repaid	14	**–**	–	**72 840**	49 661
Loans advanced to group companies	14	**–**	–	**(53 394)**	–
Net cash from investing activities		**(107 689)**	(37 394)	**(37 670)**	20 540
Cash flows from financing activities					
Proceeds on share issue	19	**357**	–	**357**	–
Prepayment of shareholders loan	20	**–**	(25 000)	**–**	(25 000)
Acquisition of additional shares in subsidiary from non-controlling interest		**(1 616)**	–	**(1 616)**	–
Dividends paid to non-controlling interest		**(577)**	(732)	**–**	–
Net cash from financing activities		**(1 836)**	(25 732)	**(1 259)**	(25 000)
Total cash movement for the year		**16 937**	120 750	**30 036**	118 180
Effect of exchange rate on cash and cash equivalents		**294**	222	**72**	97
Cash at the beginning of the year		**229 341**	108 369	**190 100**	71 823
Total cash at end of the year	18	**246 572**	229 341	**220 208**	190 100

CRITICAL JUDGEMENTS AND ESTIMATES

SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Trade receivables, loans and receivables

The group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements based upon information available which would indicate a measurable decrease in the estimated future cash flows from a financial asset.

Fair value estimation

The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period using the mark to market basis.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

Expected future cash flows used to determine the value-in-use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including safety and security in our market, Southern Africa being seen as a suitable tourism destination, uncertainty in the political environment, together with economic factors such as the exchange rate, interest rates and inflation and the global economic environment.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation in South Africa and other jurisdictions in which their group operates. There are many transactions and calculations for which the ultimate tax determination is subject to change or revision during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Useful life of property, plant and equipment/intangible assets

Management is required to use their judgement when assessing the useful life and residual values of property, plant, equipment and intangible assets. The assessment is made taking into account information from various sources, including external valuations and profit or loss realised on the sale of assets in the past. The useful life of the intangible assets is assessed by considering the continued efficiency of the system against comparable systems and its ability to meet the operational requirements of the businesses to which these intangible assets apply within the group.

Classification of joint arrangements

The group has joint control over Underneath Trading (Pvt) Limited, Kasane Fish Farms (Pvt) Limited t/a Chobezi and Cullinan Japan through the contractual arrangements which set out that material decisions relating to relevant activities can only be taken by unanimous consent of all parties to the arrangement. The directors have concluded that these arrangements are joint ventures because Cullinan Holdings only shares in the profits of the entities.

1. NEW STANDARDS AND INTERPRETATIONS

1.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements

The amendment provides new requirements when an entity presents subtotals in addition to those required by IAS 1 in its financial statements. It also provides amended guidance concerning the order of presentation of the notes in the financial statements, as well as guidance for identifying which accounting policies should be included. It further clarifies that an entity's share of comprehensive income of an associate or joint venture under the equity method shall be presented separately into its share of items that a) will not be reclassified subsequently to profit or loss and b) that will be reclassified subsequently to profit or loss.

The effective date of the group is for years beginning on or after 1 January 2016.

The group has adopted the amendment for the first time in the 2017 financial statements.

The adoption of this amendment has not had a material impact on the results of the group, but has resulted in less disclosure than would have previously been provided in the financial statements.

Amendment to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations

The amendments apply to the acquisitions of interest in joint operations. When an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3, it shall apply, to the extent of its share, all of the principles on business combinations accounting in IFRS 3, and other IFRSs, that do not conflict with the guidance in this IFRS and disclose the information that is required in those IFRSs in relation to business combinations. This applies to the acquisition of both the initial interest and additional interests in a joint operation in which the activity of the joint operation constitutes a business.

The effective date of the amendments is for years beginning on or after 1 January 2016. The group has adopted the amendments for the first time in the 2017 financial statements. The impact of the amendments is not material.

1.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations that are likely to impact the group. These have been published and are effective for the group's accounting periods beginning on or after 1 October 2017 or later periods:

IFRIC 22: Foreign Currency Transactions and Advance Consideration

The interpretation applies to circumstances when an entity has either paid or received an amount of consideration in advance and in a foreign currency, resulting in a non-monetary asset or liability being recognised. The specific issue addressed by the interpretation is how to determine the date of the transaction for the purposes of determining the exchange rate to use on the initial recognition of the related asset, expense or income when the non-monetary asset or liability is derecognised. The interpretation specifies that the date of the transaction, for purposes of determining the exchange rate to apply, is the date on which the entity initially recognises the non-monetary asset or liability.

The effective date of the interpretation is for years beginning on or after 1 January 2018.

The group expects to adopt the interpretation for the first time in the 2019 financial statements.

It is unlikely that the interpretation will have a material impact on the group's financial statements.

IFRIC 23: Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. Specifically, if it is probable that the tax authorities will accept the uncertain tax treatment, then all tax-related items are measured according to the planned tax treatment. If it is not probable that the tax authorities will accept the uncertain tax treatment, then the tax-related items are measured on the basis of probabilities to reflect the uncertainty. Changes in facts and circumstances are required to be treated as changes in estimates and applied prospectively.

The effective date of the interpretation is for years beginning on or after 1 January 2019.

The group expects to adopt the interpretation for the first time in the 2020 financial statements.

It is unlikely that the interpretation will have a material impact on the group's financial statements.

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the group are as follows:

Group as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short-term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

The effective date of the standard is for years beginning on or after 1 January 2019.

The group expects to adopt the standard for the first time in the 2020 financial statements.

As a lessee this standard is expected to result in the recognition of our operating leases as a right to use assets on our Statement of Financial Position. The financial impact of this is currently being assessed.

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 in accounting or recognising and measuring for financial instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 1 January 2018.

The group expects to adopt the standard for the first time in the 2019 financial statements.

It is unlikely that the standard will have a material impact on the classification of financial instruments in the group's financial statements. The group is in the process of establishing its impairment matrices.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the Construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers

The amendment provides clarification and further guidance regarding certain issues in IFRS 15. These items include guidance in assessing whether promises to transfer goods or services are separately identifiable; guidance regarding agent versus principal considerations; and guidance regarding licenses and royalties.

The effective date of the standard is for years beginning on or after 1 January 2018.

The group expects to adopt the standard for the first time in the 2019 financial statements.

The group is in the process of assessing the effects of IFR15 and is currently of the view that it is unlikely that the standard will have a material impact on the revenue recognition in the group's financial statements.

In general, the performance obligations and transaction prices are clearly defined and allocated per customer contract. As a result, we consider it highly likely that the same revenue recognition policies would apply in future when the group satisfies the performance obligations.

The group is, however, aware that the guidance regarding agent versus principle may have an impact and this matter is still being considered. The review of the impact of IFRS 15 is expected to be completed in May 2018.

IAS 7: Disclosure initiative

The amendment requires entities to provide additional disclosures for changes in liabilities arising from financing activities. Specifically, entities are now required to provide disclosure of the following changes in liabilities arising from financing activities:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchanges;
- changes in fair values; and
- other changes.

The effective date of the amendment is for years beginning on or after 1 January 2017.

The group expects to adopt the amendment for the first time in the 2018 financial statements.

The adoption of this amendment is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the financial statements.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

In terms of IAS 12 Income Taxes, deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The following amendments have been made, which may have an impact on the group:

If tax law restricts the utilisation of losses to deductions against income of a specific type, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type.

Additional guidelines were prescribed for evaluating whether the group will have sufficient taxable profit in future periods. The group is required to compare the deductible temporary differences with future taxable profit that excludes tax deductions resulting from the reversal of those deductible temporary differences. This comparison shows the extent to which the future taxable profit is sufficient for the entity to deduct the amounts resulting from the reversal of those deductible temporary differences.

The amendment also provides that the estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

The effective date of the amendment is for years beginning on or after 1 January 2017.

The group expects to adopt the amendment for the first time in the 2018 financial statements.

It is unlikely that the amendment will have a material impact on the group's financial statements.

2. REVENUE

	Group		Company	
R'000	**2017**	2016	**2017**	2016
Sale of goods	**91 218**	149 633	**37 980**	28 581
Rendering of services	**827 844**	807 563	**566 918**	476 810
Financial services interest	**22 297**	16 428	**21 579**	16 428
Miscellaneous	**64 159**	60 114	**62 010**	56 261
Turnover	**1 005 518**	1 033 738	**688 487**	578 080
Investment revenue	**8 917**	6 936	**10 962**	9 890
	1 014 435	1 040 674	**699 449**	587 970

3. COST OF SALES

Sale of goods	**73 137**	110 316	**28 695**	21 047
Rendering of services	**233 767**	290 286	**95 593**	79 514
	306 904	400 602	**124 288**	100 561

4. OTHER OPERATING GAINS/(LOSSES)

Losses on disposals				
Property, plant and equipment	**(194)**	–	**(53)**	–
Foreign exchange gains				
Net foreign exchange gains	**30 754**	35 798	**28 862**	30 061
Total other operating gains	**30 560**	35 798	**28 809**	30 061

5. TRADING PROFIT

Trading profit for the year is stated after accounting for the following, amongst others:

	Group		Company	
R'000	**2017**	2016	**2017**	2016
Employee costs (including directors' fees):				
Short-term	**336 842**	310 559	**289 555**	265 104
Post-employment	**14 457**	12 874	**11 870**	10 833
Share-based compensation expense	**5 307**	5 339	**5 307**	5 339
Total employee costs	**356 606**	328 772	**306 732**	281 276
Operating lease charges:				
Premises	**56 032**	52 709	**47 226**	44 466
Equipment	**866**	884	**720**	743
	56 898	53 593	**47 946**	45 209
Depreciation and amortisation				
Depreciation of property, plant and equipment	**35 796**	37 405	**19 663**	19 900
Amortisation of tangible assets	**5 828**	4 550	**5 791**	4 543
Total depreciation and amortisation	**41 624**	41 955	**25 454**	24 443
Other				
Loss on disposal of assets	**194**	573	**53**	194
Sales and marketing expenses	**26 883**	17 203	**25 122**	15 581
Commissions paid	**16 996**	31 925	**16 529**	14 510
Bank charges	**8 005**	6 893	**7 287**	6 269
Computer expenses	**10 961**	12 078	**10 096**	10 940
Insurance	**6 372**	5 783	**4 106**	2 872
Telephone	**7 846**	7 639	**6 565**	6 329
Travel	**8 712**	7 469	**5 769**	5 523

6. INVESTMENT INCOME

	Group		Company	
R'000	**2017**	2016	**2017**	2016
Dividend income				
Subsidiaries – Local	**–**	–	**1 723**	2 185
Interest income				
Bank and other cash	**8 277**	5 956	**7 385**	4 670
Other financial assets	**640**	980	**437**	583
From loans to group and other financial parties:				
Subsidiaries	**–**	–	**1 417**	2 452
Total interest income	**8 917**	6 936	**9 239**	7 705
Total investment income	**8 917**	6 936	**10 962**	9 890

7. TAXATION

Major components of the tax expense

R'000	Group **2017**	Group 2016	Company **2017**	Company 2016
Current				
Local income tax	**33 357**	30 194	**27 867**	20 741
Deferred	**2 483**	2 073	**(954)**	144
Originating and reversing temporary differences	**35 840**	32 267	**26 913**	20 885
Reconciliation of tax expense				
Reconciliation between applicable tax rate and average effective tax rate.	**%**	%	**%**	%
Applicable tax rate	**28,00**	28,00	**28,00**	28,00
Disallowable expenditure – restraint of trade	**–**	0,27	**–**	0,44
Disallowable expenditure – other	**1,21**	0,64	**1,17**	0,63
Exempt income/losses – dividends	**–**	–	**(0,51)**	(0,96)
Exempt income/losses – other	**–**	(0,22)	**–**	–
Cash flow hedge	**–**	2,13	**–**	3,46
Capital gains tax on revaluation of investment properties	**–**	0,07	**–**	(0,04)
Initial recognition of prior year taxes	**–**	0,13	**–**	0,76
Tax attributable to associate/joint venture income	**(1,36)**	(0,58)	**–**	–
Tax adjustment for foreign taxation rates	**0,19**	0,36	**–**	–
Capital gains tax rate change	**–**	0,41	**–**	0,51
	28,04	31,21	**28,66**	32,80

8. EARNINGS PER SHARE

Reconciliation of weighted average number of ordinary shares used for earnings per share to weighted average number of ordinary shares used for diluted earnings per share

	Group **2017**	Group 2016
Weighted average number of ordinary shares used for basic earnings per share	**802 045 885**	800 173 385
Adjusted for:		
Possible shares to be issued as share-based payments	**10 692 358**	14 072 015
	812 738 243	814 245 400

Basic earnings per share

Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

R'000		
Reconciliation of profit for the year-to-date to basic earnings		
Profit or loss for the year attributable to equity holders of the parent	**92 383**	70 318
Basic earnings per share		
From continuing operations (cents per share)	**11,52**	8,79
Diluted earnings per share		
From continuing operations (cents per share)	**11,37**	8,64

The earnings used in the calculation of diluted earnings per share are the same as those used to calculate basic earnings per share.

Headline earnings per share

Headline earnings per share and diluted headline earnings per share are determined by dividing headline earnings by the weighted average and diluted weighted average number of ordinary share outstanding during a period.

Reconciliation between earnings and headline earnings

R'000	Gross	Tax	Net
2017			
Basic earnings	**92 383**	**–**	**92 383**
Losses on disposal of property, plant and equipment	**194**	**(54)**	**140**
Goodwill impairment	**2 599**	**–**	**2 599**
	95 176	**(54)**	**95 122**
2016			
Basic earnings	70 318	–	70 318
Losses on disposal of property, plant and equipment	573	(160)	413
Revaluations of investment property	(710)	159	(551)
Change in capital gains tax rate	–	331	331
	70 181	330	70 511

	Group	
Headline earnings per share and diluted headline earnings per share	**2017**	2016
Headline earnings per share (c)	**11,86**	8,81
Diluted headline earnings per share (c)	**11,70**	8,66
Dividends per share		
Dividends per share (c)	**2,00**	2,00

9. **PROPERTY, PLANT AND EQUIPMENT**

	2017			2016		
R'000	**Cost or valuation**	**Accumulated depreciation**	**Carrying value**	Cost or valuation	Accumulated depreciation	Carrying value
Group						
Land	**440**	**–**	**440**	440	–	440
Buildings	**400**	**(55)**	**345**	400	(45)	355
Plant and machinery	**14 300**	**(5 994)**	**8 306**	8 540	(4 610)	3 930
Furniture and fixtures	**22 299**	**(16 378)**	**5 921**	21 865	(15 082)	6 783
Motor vehicles	**402 817**	**(113 196)**	**289 621**	322 557	(94 499)	228 058
IT equipment	**23 717**	**(18 850)**	**4 867**	23 487	(19 115)	4 372
Leasehold improvements	**26 399**	**(15 401)**	**10 998**	25 597	(14 107)	11 490
Total	**490 372**	**(169 874)**	**320 498**	402 886	(147 458)	255 428
Company						
Plant and machinery	**7 970**	**(3 743)**	**4 227**	5 982	(3 122)	2 860
Furniture and fixtures	**21 110**	**(15 512)**	**5 598**	20 611	(14 202)	6 409
Motor vehicles	**181 773**	**(42 534)**	**139 239**	139 894	(32 219)	107 675
IT equipment	**20 049**	**(16 261)**	**3 788**	20 163	(16 443)	3 720
Leasehold improvements	**16 190**	**(12 048)**	**4 142**	16 571	(11 347)	5 224
Total	**247 092**	**(90 098)**	**156 994**	203 221	(77 333)	125 888

Reconciliation of property, plant and equipment

	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Revaluations R'000	Foreign exchange translation R'000	Depreciation R'000	Total R'000
Group 2017								
Land	**440**	**–**	**–**	**–**	**–**	**–**	**–**	**440**
Buildings	**355**	**–**	**–**	**–**	**–**	**–**	**(10)**	**345**
Plant and machinery	**3 930**	**3 983**	**(9)**	**1 582**	**–**	**–**	**(1 180)**	**8 306**
Furniture and fixtures	**6 783**	**2 061**	**(179)**	**–**	**–**	**4**	**(2 748)**	**5 921**
Motor vehicles	**228 058**	**92 291**	**(4 621)**	**–**	**–**	**–**	**(26 107)**	**289 621**
IT equipment	**4 372**	**3 289**	**(46)**	**–**	**–**	**–**	**(2 748)**	**4 867**
Leasehold improvements	**11 490**	**4 167**	**(74)**	**(1 582)**	**–**	**–**	**(3 003)**	**10 998**
	255 428	**105 791**	**(4 929)**	**–**	**–**	**4**	**(35 796)**	**320 498**
Group 2016								
Land	1 640	–	–	(1 200)	–	–	–	440
Buildings	1 156	–	–	(900)	116	–	(17)	355
Plant and machinery	3 305	1 405	–	–	–	–	(780)	3 930
Furniture and fixtures	7 650	2 037	(88)	–	–	–	(2 816)	6 783
Motor vehicles	227 487	31 058	(4 647)	–	–	–	(25 840)	228 058
IT equipment	6 431	1 789	(44)	–	–	5	(3 809)	4 372
Leasehold improvements	11 144	4 603	(114)	–	–	–	(4 143)	11 490
	258 813	40 892	(4 893)	(2 100)	116	5	(37 405)	255 428

R'000	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Depre-ciation R'000	Total R'000
Company 2017						
Plant and machinery	**2 860**	**894**	**–**	**1 039**	**(566)**	**4 227**
Furniture and fixtures	**6 409**	**1 962**	**(158)**	**–**	**(2 615)**	**5 598**
Motor vehicles	**107 675**	**46 333**	**(2 864)**	**–**	**(11 905)**	**139 239**
IT equipment	**3 720**	**2 588**	**(25)**	**–**	**(2 495)**	**3 788**
Leasehold improvements	**5 224**	**2 113**	**(74)**	**(1 039)**	**(2 082)**	**4 142**
	125 888	**53 890**	**(3 121)**	**–**	**(19 663)**	**156 994**
Company 2016						
Plant and machinery	2 156	1 138	–	–	(434)	2 860
Furniture and fixtures	7 201	1 945	(77)	–	(2 660)	6 409
Motor vehicles	97 961	22 090	(1 157)	–	(11 219)	107 675
IT equipment	5 580	1 464	(41)	–	(3 283)	3 720
Leasehold improvements	4 768	2 874	(114)	–	(2 304)	5 224
	117 666	29 511	(1 389)	–	(19 900)	125 888

Freehold land comprises erven 781 and 782 in Hazyview-Vakansiedorp in extent 1 740 square metres.

The fair market value of the land above as been determined by registered independent valuers, H Tryhou Property Consultants. In determining the valuations at 30 September 2016, the valuator referred to current market conditions, recent sales transactions of similar properties in similar geographical locations and the present value of future rental income expected to be earned in respect of the properties in their current condition. In estimating the fair value of the properties, the highest and best use of the property is their current use.

All disposals of assets from the sale, scrapping and replacement thereof were in the normal course of business.

10. GOODWILL

	2017			2016		
R'000	**Cost**	**Accum-ulated impair-ment**	**Carrying value**	Cost	Accum-ulated impair-ment	Carrying value
Group						
Goodwill	**100 001**	**(2 599)**	**97 402**	100 030	–	100 030
Company						
Goodwill	**59 787**	**–**	**59 787**	59 787	–	59 787

R'000	Opening balance	Foreign exchange move-ments	Impair-ment loss	Total
Group 2017				
Reconciliation of goodwill	**100 030**	**(29)**	**(2 599)**	**97 402**
Group 2016				
Reconciliation of goodwill	**99 948**	**82**	**–**	**100 030**

Goodwill acquired through business combinations has been allocated to cash-generating units as follows:

	Group		Company	
R'000	**2017**	2016	**2017**	2016
Thompsons Travel Group	**1 875**	1 875	**1 875**	1 875
Thompsons Gateway Singapore (PTE) Ltd	**2 723**	2 752	**–**	–
Thompsons Africa	**4 430**	4 430	**4 430**	4 430
Thompsons Holidays	**4 500**	4 500	**4 500**	4 500
Hylton Ross Touring (Pty) Ltd	**11 602**	11 602	**–**	–
Central Boating (Pty) Ltd	**9 674**	9 674	**–**	–
Glacier Enterprises (Pty) Ltd	**–**	2 599	**–**	–
Springbok Atlas Touring and Coach Charter	**19 262**	19 262	**19 262**	19 262
Silverton Travel (Pty) Ltd t/a Edusport	**10 616**	10 616	**–**	–
Peak Incentives	**3 000**	3 000	**–**	–
Chester Finance	**29 720**	29 720	**29 720**	29 720
	97 402	100 030	**59 787**	59 787

For the Travel-related business units, goodwill is tested for impairment by taking the expected future profits and applying a commercial price : earnings ratio to arrive at the valuation of the business. Price earnings ratios of between 3–5 x profit after tax are used as the basis of valuation. No impairment was identified.

For the purpose of impairment testing of the non-travel business units, goodwill is allocated to the group's operating divisions which represent the lowest cash-generating unit within the Group at which the goodwill is monitored for internal management purposes. Discounted cash flow forecasts are done by management, and appropriate growth and discount rates, given the industry and location of the cash-generating unit are applied to the forecast.

Impairment review

Key assumptions used in value-in-use calculations include budgeted margins and budgeted sales or commission streams and budgeted costs. Such assumptions are based on historical results adjusted for anticipated future growth or where a specific event or contract is expected. These assumptions are a reflection of management's past experience in the market in which these units operate.

The discount rates and growth rates applied in reviewing goodwill are:

	Discount rate	**Forecast cash flows for 5 years**
Travel	7%	Year 1, budget, thereafter 0% – 3% annually
Coach Transportation	7%	Year 1, budget, thereafter 3% annually
Marine and Boating	7%	Year 1, budget, thereafter 1% annually
Financial Services	7%	Year 1, budget, thereafter 8% annually

An impairment charge is required for goodwill when the carrying amount exceeds the recoverable amount (higher of value-in-use and fair value less costs to sell). An impairment charge of R2.599m was recorded for the year ended 30 September 2017 (2016: nil), which comprises the write-down of goodwill for Glacier Enterprises (Pty) Ltd as directors were of the opinion that the trade finance business of Glacier Enterprises, acquired in 2012, presented excessive risk to the company without providing suitable, risk appropriate returns.

Aside from Glacier Enterprises, based upon the assumptions, management's calculations of recoverable amounts were greater than the carrying amounts for all other business units.

All impairment testing was consistent with methods applied as at 30 September 2016.

Sensitivity Analysis

If a reasonably possible change in the following key assumptions used by management were to occur the resulting impact on goodwill would be Rnil (2016: Rnil):

Budgets	10%
Discount rate	1%
Growth rate	3%

11. INTANGIBLE ASSETS

R'000	**2017** Cost or valuation	Accum-ulated depre-ciation	Carrying value	**2016** Cost or valuation	Accum-ulated depre-ciation	Carrying value
Group						
Computer software	**39 093**	**(18 050)**	**21 043**	34 530	(13 935)	20 595
Company						
Computer software	**38 316**	**(17 586)**	**20 730**	34 092	(13 508)	20 584

Reconciliation of intangible assets

R'000	Opening balance	Additions	Amortisation	Total
Group 2017				
Computer software	**20 595**	**6 276**	**(5 828)**	**21 043**
Group 2016				
Computer software	24 323	822	(4 550)	20 595
Company 2017				
Computer software	**20 584**	**5 937**	**(5 791)**	**20 730**
Company 2016				
Computer software	24 321	805	(4 542)	20 584

12. INVESTMENT IN SUBSIDIARIES

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries:

Company

Name of company	**2017** % holding	2016 % holding	**2017** Carrying amount	2016 Carrying amount
Cullinan Properties Ltd	**100,00**	100,00	**317**	317
Thompsons Indaba Safaris KZN (Pty) Ltd	**75,00**	75,00	*	*
Thompsons Gateway (PTE) Ltd – Singapore	**70,00**	70,00	**304**	304
Hylton Ross Tours (Pty) Ltd	**100,00**	100,00	**32 019**	32 019
Central Boating (Pty) Ltd	**100,00**	100,00	*	*
Glacier Enterprises (Pty) Ltd	**90,00**	90,00	*	1 170
Silverton Travel (Pty) Ltd	**90,00**	75,00	**17 616**	16 000
Springbok Atlas Namibia (Pty) Ltd	**100,00**	100,00	*	*
Cullinan Namibia (Pty) Ltd	**100,00**	–	*	*
			50 256	49 810

* Signifies an amount less than R1 000.

The non-controlling interests in subsidiaries are not considered material.

In March 2017, Cullinan acquired a dormant company, Cullinan Namibia (Pty) Ltd, and commenced trading as an Inbound Tour Operator.

In August 2017, Cullinan acquired a further 15% of the shares in Silverton Travel (Pty) Ltd. As a result of this transaction, an amount of R308,000 was allocated against reserves and R1.308m against the non-controlling interest.

As explained in note 10, Glacier Enterprises (Pty) Ltd will continue to trade under limited circumstances with pre-existing customers. This decision was taken as the Directors were of the opinion that the business model followed by Glacier Enterprises (Pty) Ltd presented excessive risk to the company without providing commensurate, risk appropriate returns. As a result, the investment in Glacier was written down to nil.

13. INVESTMENT IN JOINT VENTURES

The following table lists all of the joint ventures in the group:

Name of company	**2017** **% holding**	2016 % holding	**2017** **Carrying amount**	2016 Carrying amount
Underneath Trading (Pvt) Limited	**50,00**	50,00	**13 723**	9 924
Kasane Fish Farms (Pvt) Limited t/a Chobezi	**50,00**	50,00	**3 375**	2 497
Cullinan Japan Limited	**25,00**	25,00	**899**	(440)
			17 997	11 981

Aggregated individual immaterial joint ventures accounted for using the equity method

	Group	
R’000	**2017**	2016
Carrying value of investments	**17 997**	11 981
Share of profit or loss from continuing operations	**6 239**	2 709
Share of total comprehensive income	**6 239**	2 709

Reporting period

The end of the reporting periods for the joint ventures differ to the group’s reporting period therefore the management accounts as at 30 September 2017 have been used to reflect the summary of the joint ventures.

14. LOANS TO/(FROM) GROUP COMPANIES

	Group	
R’000	**2017**	2016
Subsidiaries		
Cullinan Properties Ltd	**(3 577)**	(3 598)
Glacier Enterprises (Pty) Ltd	**19 522**	40 760
Central Boating (Pty) Ltd	**10 948**	10 121
Thompsons Gateway (PTE) Ltd – Singapore	**6 507**	7 077
Hylton Ross Tours (Pty) Ltd	**1 912**	15 257
Springbok Atlas Namibia (Pty) Ltd	**16 614**	9 865
Thompsons Indaba Safaris KZN (Pty) Ltd	**209**	462
Cullinan Namibia (Pty) Ltd	**3 372**	–
Silverton Travel (Pty) Ltd	**1 518**	–
	57 025	79 944

Terms – Cullinan Properties Limited

The loan is interest free, unsecured and is payable on demand. The loan is treated as a current account as Cullinan Properties Limited does not have a bank account.

Terms – Glacier Enterprises (Pty) Limited

The loan bears interest at current call rates earned by the group, is unsecured and is payable on demand, 366 days after the demand date. No payments are required in the next 12 months.

Terms – Central Boating (Pty) Limited/Thompsons Gateway (PTE) Limited – Singapore

These loans are interest free, unsecured and payable 366 days after the demand date. No payments are expected or required in the next 12 months.

Terms – Hylton Ross Tours (Pty) Limited/Springbok Atlas Namibia (Pty) Limited/ Thompsons Indaba Safaris KZN (Pty) Limited

A portion of the loans reflected are interest free. These are the intercompany loans used to facilitate day-to-day transactions. Where the loan is advanced to finance the purchase of vehicles, the loan bears interest at commercial deposit rates for money held on call. These loans are unsecured and have no fixed terms of repayment.

Terms – Cullinan Namibia (Pty) Limited/Silverton Travel (Pty) Limited

These loans are interest free, unsecured and have no fixed terms of repayment. These are the intercompany loans used to facilitate day-to-day transactions.

	Company	
	2017	2016
Non-current assets	**36 997**	57 958
Current assets	**23 625**	25 584
Current liabilities	**(3 577)**	(3 598)
	57 045	79 944

Credit quality of loans to group companies

All group companies are constantly managed and reviewed on a monthly basis, and in this manner the credit quality is constantly assessed.

Fair value of loans to and from group companies

The interest bearing loans bear interest at market related rates. The interest free loans have a limited repayment period. As a result of this, there is no material difference between the fair value of the loans and their carrying amounts.

15. **DEFERRED TAX**

R'000	Group 2017	Group 2016	Company 2017	Company 2016
Deferred tax liability	**(16 972)**	(12 223)	**–**	–
Deferred tax asset	**6 971**	4 703	**3 512**	2 557
Net deferred tax (liability)/asset at end of year	**(10 001)**	(7 520)	**3 512**	2 557
Reconciliation of net deferred tax (liability)/asset				
Net deferred tax (liability)/asset at beginning of year	**(7 520)**	(5 447)	**2 557**	2 701
Deferred tax expense/(income) related to the origination and reversal of temporary differences	**(2 481)**	(2 073)	**955**	(144)
	(10 001)	(7 520)	**3 512**	2 557
Deferred tax asset comprises				
Property, plant and equipment	**(11 859)**	(8 791)	**(12 583)**	(8 776)
Intangible assets	**(4 762)**	(4 881)	**(4 762)**	(4 881)
Provision for bad debts	**3 167**	2 561	**2 647**	1 791
Income received in advance	**3 656**	3 713	**3 622**	3 448
CGT on revaluation of investment properties	**(1 962)**	(1 962)	**(1 962)**	(1 962)
Other provisions	**16 909**	14 063	**16 550**	12 937
Assessed loss	**1 822**	–	**–**	–
	6 971	4 703	**3 512**	2 557
Deferred tax liability comprises				
Property, plant and equipment	**(19 351)**	(14 177)	**–**	–
Provision for bad debts	**26**	–	**–**	–
Income received in advance	**1 828**	2 472	**–**	–
CGT on revaluation of investment properties	**(616)**	(616)	**–**	–
Other provisions	**1 141**	98	**–**	–
	(16 972)	(12 223)	**–**	–

Use and sales rate

The deferred tax rate applied to the fair value adjustments of investment properties is determined by the expected manner of recovery. Where the expected recovery of the investment property is through sale, the capital gains tax rate of 22,4% recovery is through use, the normal (2016: 22,4%) is used. If the expected manner of tax rate of 28% (2016: 28%) is applied.

Tax loss for future setoff against taxable income	**6 507**	–	**–**	–

16. **INVENTORIES**

Merchandise	**36 312**	43 880	**16 298**	14 580
	36 312	43 880	**16 298**	14 580
Inventories – write-downs	**(4 360)**	(705)	**(4 360)**	(402)
	31 952	43 175	**11 938**	14 178
Inventories expensed during the year	**68 777**	109 754	**24 335**	19 771

17. TRADE AND OTHER RECEIVABLES

R'000	Group 2017	Group 2016	Company 2017	Company 2016
Financial instruments				
Trade receivables	**481 229**	388 151	**443 300**	335 453
Sundry receivables	**20 341**	13 563	**18 140**	13 292
	501 570	401 714	**461 440**	348 745
Non-financial instruments				
Value-added tax	**6 844**	3 568	**2 276**	2 757
Prepayments	**23 112**	30 043	**22 134**	29 855
Payments in advance	**3 972**	4 725	**2 566**	3 451
Deposits	**1 276**	1 164	**765**	681
	35 204	39 500	**27 741**	36 744
	536 774	441 214	**489 181**	385 489

Trade receivables for the financial divisions are interest bearing and terms range from 30 – 120 days.

Trade receivables for all other divisions are non-interest bearing and terms range from 30 – 45 days.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Fair value of trade and other receivables

Due to the short-term nature of trade and other receivables, the carrying amounts are a reasonable approximation of their fair value.

Trade and other receivables past due but not impaired

The ageing of amounts past due but not impaired is as follows:

1 month past due date	**29 146**	30 426	**27 409**	24 998
2 months past due date	**12 111**	10 806	**10 835**	9 699
3 months past due date	**17 339**	14 620	**16 436**	14 275
	58 596	55 852	**54 680**	48 972

Trade and other receivables impaired

Reconciliation of provision for impairment of trade and other receivables

Opening balance	**12 538**	4 419	**8 529**	4 254
Provision for impairment	**6 465**	9 743	**4 074**	5 849
Amounts written off as uncollectable	**(3 502)**	(1 624)	**–**	(1 574)
	15 501	12 538	**12 603**	8 529

Exposure to credit risk

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The group does not hold any collateral as security.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

R'000	Group 2017	Group 2016	Company 2017	Company 2016
Cash on hand	**650**	670	**338**	412
Bank balances	**246 327**	229 024	**219 870**	189 688
Bank overdraft	**(405)**	(353)	**–**	–
	246 572	229 341	**220 208**	190 100
Current assets	**246 977**	229 694	**220 208**	190 100
Current liabilities	**(405)**	(353)	**–**	–
	246 572	229 341	**220 208**	190 100

Credit quality of cash and cash equivalents

The company only deposits cash with major banks and institutions with high quality credit standing.

Fair value of cash and cash equivalents

Due to the short-term nature thereof, the carrying amounts approximates fair value.

19. SHARE CAPITAL

R'000	Group 2017	Group 2016	Company 2017	Company 2016
Authorised				
Ordinary share capital				
3 412 375 874 Ordinary shares of 1 cent each	**34 124**	34 124	**34 124**	34 124
Preference share capital				
500 000 5,5% Cumulative preference shares of R2 each	**1 000**	1 000	**1 000**	1 000
42 604 574 redeemable preference shares of 0.01 cent each	**4**	4	**4**	4
100 000 variable rate redeemable cumulative preference shares of 1 cent each	**1**	1	**1**	1
100 000 convertible variable rate cumulative redeemable preference shares of R85 each	**8 500**	8 500	**8 500**	8 500
25 000 Cumulative redeemable convertible preference shares of 1 cent each	*****	*	*****	*
	9 505	9 505	**9 505**	9 505

* Signifies an amount less than R1 000

Issued Shares				
Ordinary Share Capital				
803 738 385 (2016: 800 173 385) Ordinary shares of 1 cent each				
Opening balance	**8 002**	8 002	**8 002**	8 002
Share options exercised	**35**	–	**35**	–
Closing balance	**8 037**	8 002	**8 037**	8 002
Preference share capital				
500 000 (2016: 500 000) 5,5% Cumulative preference shares of R2 each	**546**	546	**546**	546
Share Premium				
Opening balance	**149 086**	149 086	**149 086**	149 086
Share options exercised	**6 739**	6 739	**6 739**	6 739
Transfer from reserves	**20 880**	20 880	**20 880**	20 880
Closing balance	**176 705**	176 705	**176 705**	176 705

The cumulative preference shareholders are entitled to the preference share only in the event of a winding up.

20. LOANS FROM SHAREHOLDERS

	Group		Company	
R'000	**2017**	2016	**2017**	2016
Travcorp Financial Services Limited	**(45 000)**	(45 000)	**(45 000)**	(45 000)

The loan bears interest at prime less 1,25%, is unsecured and has no fixed terms of repayment. No payments are expected or required in the next 12 months. Interest is paid on a monthly basis.

The loan will only become payable on provision of 6 months notice by either party. Notice can only be given on or after 1 November 2018.

Fair value of loans from shareholders

The carrying amount approximates the fair value as the loan bears interest at market related interest rates.

21. TRADE AND OTHER PAYABLES

Financial instruments				
Trade payables	**436 735**	384 211	**430 853**	384 735
Non-financial instruments				
Deposits	**114 302**	107 163	**102 268**	92 892
Value-added tax	**6 671**	6 673	**5 442**	5 105
Accruals	**92 327**	77 460	**82 420**	69 036
	213 300	191 296	**190 130**	167 033
	650 035	575 507	**620 983**	551 768

Fair value of trade and other payables

Due to the short-term nature of trade and other payables, the carrying amounts are a reasonable approximation of their fair value.

22. CASH GENERATED FROM OPERATIONS

Trading profit	**116 950**	99 606	**87 158**	59 395
Adjustments for:				
Depreciation and amortisation	**41 624**	41 955	**25 454**	24 442
Losses on disposal of property, plant and equipment	**194**	573	**53**	194
Unrealised foreign exchange (gains)/losses	**948**	2 560	**3 438**	1 894
Movements in operating lease accruals	**1 972**	2 881	**1 822**	2 287
Movements in provisions	**6 071**	400	**6 071**	400
Share-based payment expense	**5 307**	5 339	**5 307**	5 339
Group expenses	**–**	–	**3 300**	–
Investment write off	**–**	–	**1 170**	–
Goodwill impairment	**2 599**	–	**–**	–
Bad debt provision	**6 465**	–	**7 348**	–
Stock provision	**3 655**	–	**3 958**	–
Changes in working capital:				
Inventories	**7 568**	17 251	**(1 718)**	(2 189)
Trade and other receivables	**(102 025)**	16 433	**(107 661)**	(82 007)
Trade and other payables	**74 528**	49 825	**69 327**	154 463
Group loans trading in nature	**–**	–	**(4 758)**	–
	165 856	236 823	**100 269**	164 218

Certain non-cash items have been disclosed in the current year as the amounts are considered material. These were not disclosed separately in prior years as they were not considered material.

23. TAX PAID

R'000	Group 2017	Group 2016	Company 2017	Company 2016
Balance at beginning of the year	**9 425**	9 733	**9 041**	7 797
Tax expense	**(33 357)**	(30 195)	**(27 867)**	(20 741)
Balance at end of the year	**(4 061)**	(9 425)	**(3 181)**	(9 041)
	(27 993)	(29 887)	**(22 007)**	(21 985)

24. DIVIDENDS PAID

R'000	Group 2017	Group 2016	Company 2017	Company 2016
Balance at beginning of the year	**(17)**	(8 019)	**(17)**	(8 019)
Dividends	**(16 035)**	(16 003)	**(16 035)**	(16 003)
Balance at end of the year	**17**	17	**17**	17
	(16 035)	(24 005)	**(16 035)**	(24 005)

25. FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables	Fair value through profit or loss – held for trading	Total
Group 2017			
Trade and other receivables	**501 570**	**–**	**501 570**
Other financial assets	**–**	**1 763**	**1 763**
Cash and cash equivalents	**246 977**	**–**	**246 977**
	748 547	**1 763**	**750 310**
Group 2016			
Trade and other receivables	401 714	–	401 714
Other financial assets	–	3 829	3 829
Cash and cash equivalents	229 694	–	229 694
	631 408	3 829	635 237
Company 2017			
Loans to group companies	**60 602**	**–**	**60 602**
Trade and other receivables	**461 440**	**–**	**461 440**
Other financial assets	**–**	**1 758**	**1 758**
Cash and cash equivalents	**220 208**	**–**	**220 208**
	742 250	**1 758**	**744 008**
Company 2016			
Loans to group companies	83 542	–	83 542
Trade and other receivables	348 745	–	348 745
Other financial assets	–	3 829	3 829
Cash and cash equivalents	190 100	–	190 100
	622 387	3 829	626 216

26. FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Financial liabilities at amortised cost	Fair value through profit or loss – held for trading	Total
Group 2017			
Loans from shareholders	**45 000**	**–**	**45 000**
Other financial liabilities	**–**	**15**	**15**
Trade and other payables	**436 735**	**–**	**436 735**
Bank overdraft	**405**	**–**	**405**
Preference share liability	**500**	**–**	**500**
Dividends payable	**17**	**–**	**17**
	482 657	**15**	**482 672**
Group 2016			
Loans from shareholders	45 000	–	45 000
Other financial liabilities	–	942	942
Trade and other payables	384 211	–	384 211
Bank overdraft	353	–	353
Preference share liability	500	–	500
Dividends payable	17	–	17
	430 081	942	431 023
Company 2017			
Loans from group companies	**3 577**	**–**	**3 577**
Loans from shareholders	**45 000**	**–**	**45 000**
Trade and other payables	**430 853**	**–**	**430 853**
Preference share liability	**500**	**–**	**500**
Dividends payable	**17**	**–**	**17**
	479 947	**–**	**479 947**
Company 2016			
Loans from group companies	3 598	–	3 598
Loans from shareholders	45 000	–	45 000
Trade and other payables	384 735	–	384 735
Preference share liability	500	–	500
Dividends payable	17	–	17
	433 850	–	433 850

27. RELATED PARTIES

Relationships

Ultimate holding company	The Travel Corporation Ltd
Holding company	Alpine Asset Management Ltd
Subsidiaries	Refer to note 12
Joint ventures	Refer to note 13
Associates	Paddle Safaris (Pvt) Ltd
Fellow subsidiaries	Motolla Property Investment (Pty) Ltd
Members of key management	Key management personnel are considered to consist of all the directors of the company listed on page 7 to 8 of this report and senior management within the group.

Related party balances

R'000	Group 2017	Group 2016	Company 2017	Company 2016
Loan accounts – owing (to) by related parties:				
Shareholders (refer note 20)	**(45 000)**	(45 000)	**(45 000)**	(45 000)
Subsidiaries (refer note 14)	**–**	–	**57 025**	79 944
Paddle Safaris (Pvt) Ltd	**642**	648	**642**	648
Amounts included in trade receivable regarding related parties				
Central Boating (Pty) Ltd	**–**	–	**224**	125
Hylton Ross Tours (Pty) Ltd	**–**	–	**584**	2 633
Springbok Atlas Namibia (Pty) Ltd	**–**	–	**–**	86
Thompsons Gateway (PTE) Limited – Singapore	**–**	–	**7 068**	3 334
Thompsons Indaba Safaris KZN (Pty) Ltd	**–**	–	**–**	43
Amounts included in trade payable regarding related parties				
Central Boating (Pty) Ltd	**–**	–	**32**	74
Hylton Ross Tours (Pty) Ltd	**–**	–	**10 623**	12 940
Springbok Atlas Namibia (Pty) Ltd	**–**	–	**779**	509
Thompsons Indaba Safaris KZN (Pty) Ltd	**–**	–	**1 385**	759
Silverton Travel (Pty) Ltd	**–**	–	**10**	–
Glacier Enterprises (Pty) Ltd	**–**	–	**63**	–
Joint Ventures	**4 915**	4 428	**4 915**	4 428

R'000	Group 2017	Group 2016	Company 2017	Company 2016
Related party transactions				
Interest paid to (received from) related parties:				
Shareholders	**4 140**	5 268	**4 140**	5 268
Subsidiaries	**–**	–	**(1 417)**	(2 452)
Purchases from related parties				
Central Boating (Pty) Ltd	**–**	–	**589**	581
Hylton Ross Tours (Pty) Ltd	**–**	–	**64 577**	16 108
Springbok Atlas Namibia (Pty) Ltd	**–**	–	**6 527**	3 575
Thompsons Indaba Safaris KZN (Pty) Ltd	**–**	–	**6 980**	4 036
Joint ventures	**30 003**	26 713	**30 003**	26 713
Sales to related parties				
Central Boating (Pty) Ltd	**–**	–	**1 442**	1 276
Hylton Ross Tours (Pty) Ltd	**–**	–	**6 391**	4 571
Springbok Atlas Namibia (Pty) Ltd	**–**	–	**–**	2 030
Thompsons Indaba Safaris KZN (Pty) Ltd	**–**	–	**24**	–
Silverton Travel (Pty) Ltd	**–**	–	**27**	–
Rent paid to related parties:				
Motolla Property Investments (Pty) Ltd	**27 806**	24 293	**22 581**	19 161

28. DIRECTORS' EMOLUMENTS

R'000	Short-term				Long-term		
	Salary	**Performance bonus**	**Share options exercised**	**Directors fees**	**Contribution to retirement funds**	**Share appreciation rights**	**Total**
2017							
Executive							
M Tollman	**1 824**	**1 250**	**–**	**–**	**–**	**–**	**3 074**
D Standage	**1 639**	**750**	**–**	**–**	**58**	**–**	**2 447**
L Pampallis	**2 025**	**750**	**–**	**–**	**71**	**–**	**2 846**
L Tollman	**607**	**150**	**–**	**–**	**21**	**–**	**778**
Non-executive							
R Arendse	**–**	**–**	**–**	**165**	**–**	**–**	**165**
M Burton	**–**	**–**	**–**	**98**	**–**	**–**	**98**
A Mendiratta	**–**	**–**	**–**	**32**	**–**	**–**	**32**
Prescribed officers							
B Allison	**1 303**	**750**	**–**	**–**	**45**	**–**	**2 098**
Key Management	**16 182**	**9 981**	**2 610**	**–**	**1 165**	**–**	**29 938**
2016							
Executive							
M Tollman	1 714	750	–	–	–	–	2 464
D Standage	1 526	500	–	–	74	75	2 175
L Pampallis	1 897	500	–	–	92	75	2 564
L Tollman	787	150	–	–	38	75	1 050
Non-executive							
R Arendse	–	–	–	167	–	–	167
S Nhlumayo	–	–	–	20	–	–	20
Prescribed officers							
B Allison	1 214	500	–	–	59	226	1 999
Key Management	14 169	10 240	–	–	1 185	1 130	26 724

D Hosking and G Tollman did not earn emoluments during the year.

M Tollman, L Pampallis, L Tollman and D Standage have employment contracts with the company, the terms of which are similar to standard employment contracts entered into with other employees.

No directors hold any direct or indirect beneficial interests in the company except for the share options noted in note 29.

29. SHARE-BASED PAYMENTS

	Share options		Share option scheme	
	Number	**Exercise price (cents)**	**Number**	**Exercise price (cents)**
Outstanding at the beginning of the year	**10 100 000**	**10**	**7 625 000**	**90**
Exercised during the year	**(3 565 000)**	**10**	**–**	**90**
Forfeited during the year	**360 000**	**10**	**(610 000)**	**90**
Outstanding at the end of the year	**6 895 000**	**10**	**7 015 000**	**90**
Exercisable at the end of the year	**6 895 000**	**10**	**–**	**90**

Share Options

The company entered into an arrangement to issue a number of share options to staff in November 2012.

These share options were granted to selected employees. The exercise price of the granted options is 10 cents per option.

Options are conditional on the employee completing either four or five year's of service (the vesting period). The options are exercisable after the vesting period from the grant date. When the options are exercised the participants will receive shares equal in value to the number of options exercised. Should an option be forfeited, the option will be cancelled.

Share Option Scheme

These share options were granted to selected employees. The exercise price of the granted options is 90 cents per option.

Options are conditional on the employee completing either four or five year's of service (the vesting period). The options are exercisable after the vesting period from the grant date. When the options are exercised the participants will receive shares equal in value to the number of options exercised. Should an option be forfeited, the option will be cancelled.

Number of share options held by directors

	Average exercise price in cents per share	**Number of options at 30 Sep**
D Standage		
Balance at the beginning and end of period	**90**	**250 000**
L Pampallis		
Balance at the beginning and end of period	**90**	**250 000**
L Tollman		
Balance at the beginning and end of period	**90**	**250 000**

Fair value was determined by the Black Scholes valuation model. The following inputs were used:

- The share price ruling on the last day of the period – 151 cents,
- Exercise price – 10 cents and 90 cents,
- A volatility percentage of 82%,
- The remaining option life,
- Expected dividends,
- The risk-free interest rate of 8,45%

Total expenses of R5.307m (2016: R5.339m) related to equity-settled share-based payments transactions were recognised in 2017 and 2016 respectively.

30. **COMMITMENTS**

Operating leases – as lessee (expense)

	Group		Company	
R'000	**2017**	2016	**2017**	2016
Minimum lease payments due				
– within one year	**29 344**	25 144	**23 045**	18 236
– in second to fifth year inclusive	**65 173**	81 510	**42 562**	51 127
– later than five years	**10 724**	2 219	**10 255**	2 219
	105 241	108 873	**75 862**	71 582

Operating lease payments represent rentals payable by the group for certain of its office properties. Leases are negotiated for an average term of three to ten years, with an average escalation of between 8% to 10%. No contingent rent is payable.

Guarantees

Bank guarantees in favour of creditors	**13 448**	14 062	**13 448**	14 062

The group provides guarantees through their banks which are to secure credit facilities with airlines, customs, parks boards and other suppliers, and as security for leased premises.

These guarantees have been secured by a pledge of cash held on call by Standard Bank. The company has signed as surety for the general bank facilities for Central Boating (Pty) Limited and Glacier Enterprises (Pty) Limited in favour of Standard Bank. Neither company had any borrowings with Standard Bank at year-end.

Other than these guarantees, the general banking facilities within the company and group are unutilised at 30 September 2017 and 2016. Trade facilities have been utilised for forward exchange contracts to the extent of R27 million (2016: R49 million) at year-end.

31. **CONTINGENCIES**

Pension fund matter

In 1999, Cullinan Holdings Ltd (Cullinan) received R3.85 million from surplus distribution of one of its pension funds. During the same period, one of its then subsidiaries, Midmacor Industries Limited, received a surplus distribution of R38 million from the same pension fund. The Financial Services Board has investigated these transactions and Cullinan has co-operated fully in this regard and will continue to do so. These transactions form the subject matter of the legal action referred to in the penultimate paragraph of this note.

During March and April 2002, and as part of a larger transaction in terms of which Midmacor Industries Limited and associated companies were sold by Cullinan, an indemnity was given to Cullinan by various parties in relation to the 1999 pension fund distributions. At the same time a transaction was concluded which resulted in a change of control of Cullinan. The new controlling shareholder, who had no previous interest in Cullinan or involvement with the pension funds, secured indemnity referred to above as part of the sale transaction. These indemnities will be relied upon in the event of a claim being successful against Cullinan.

Legal action has been instituted by the liquidator of the Powerpack Pension Fund (in liquidation) against Cullinan and various other defendants in relation to the alleged unlawful withdrawal during the period 1998 to September 1999 of pension fund surpluses in respect of the pension fund established by Cullinan. The claim is for an amount of approximately R58 million, alternatively R42 million, plus interest thereon. Based on legal advice obtained, Cullinan has a sound defence to the claim, and the matter is being defended. In addition, Cullinan has joined certain other persons in the proceedings with a view to Cullinan obtaining indemnification from them, *inter alia*, in terms of the written indemnity agreement referred to above, in the event of any liability on the part of Cullinan being established in respect of the claim.

No provision has been made for the above other than for legal costs to date.

32. **RISK MANAGEMENT**

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 20, cash and cash equivalents disclosed in note 18, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the total borrowings as a percentage of equity. The debt/equity rate at year-end was 7,8% (2016: 9,18%). Based upon guidance provided by the company bankers, the group has a debt/equity capacity of between 35% – 48%. The group is therefore of the opinion that it is meeting its capital management objectives.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk.

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and utilised borrowing facilities are monitored.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group

R'000	Less than 1 year	1 to 5 years	Over 5 years
At 30 September 2017			
Borrowings	**–**	**45 000**	**–**
Preference shares	**–**	**–**	**500**
Trade and other payables	**436 735**	**–**	**–**
Other financial liabilities	**15**	**–**	**–**
Bank overdraft	**405**	**–**	**–**
Preference dividends	**17**	**–**	**–**
At 30 September 2016			
Borrowings	–	45 000	–
Foreign exchange contracts and hedges	438 993	10 427	–
Preference shares	–	–	500
Trade and other payables	384 211	–	–
Other financial liabilities	942	–	–
Bank overdraft	353	–	–
Preference dividends	17	–	–

Company

R'000	Less than 1 year	1 to 5 years	Over 5 years
At 30 September 2017			
Borrowings	**–**	**45 000**	**–**
Preference shares	**–**	**–**	**500**
Trade and other payables	**430 853**	**–**	**–**
Loans from subsidiaries	**3 577**	**–**	**–**
Preference dividends	**17**	**–**	**–**
At 30 September 2016			
Borrowings	–	45 000	–
Foreign exchange contracts and hedges	432 691	10 427	–
Preference shares	–	–	500
Trade and other payables	384 735	–	–
Loans from subsidiaries	3 598	–	–
Preference dividends	17	–	–

Interest rate risk

The group is exposed to interest rate fluctuations on its bank balances, preference shares and long-term borrowings. Borrowings issued at variable rates expose the group to cash-flow interest rate risk. Borrowings issued at fixed rates expose the group to cash-flow interest rate risk.

During the year the company entered into a loan from its major shareholder and hence has been exposed to interest rate risk of these borrowings. The group's borrowings are denominated in Rand and the group has not entered into any derivative contracts to limit this exposure.

Effective interest rate on cash on call is approximately 7,5% (2016: 8%).

At 30 September 2017, if interest rates had been 1% higher or 1% lower, with all other variables held constant, post tax profit would have been R1.044 million (2016: R118 000) higher and lower for the group respectively.

Credit risk

Credit risk is managed on a group basis other than trade debtors which is managed by the units.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments, trade debtors and loans to group companies.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the credit committee for financial services or by the business unit for the trade debtors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Through the acquisition of Chester Finance, the credit risk profile of the group altered. Credit risk in this unit is managed as follows:

- The board has set prudential limits for all clients
- All facilities offered are fully secured
- The credit committee meets weekly
- Certain clients are insured through an established credit insurer

The company is exposed to a number of guarantees for credit provided by suppliers as disclosed in note 30. Refer to note 25 and 30 for the group's maximum exposure to financial assets at year-end.

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Cullinan Holdings group is subject to foreign exchange risk. The most material risks originate through the sale of travel packages to local travellers. The packages are primarily in US dollars, Euros and Mauritian Rupees. The group has a policy that these foreign liabilities will be fully hedged. The group also sells travel packages to some foreign customers, where the contract is determined in foreign currency, primarily US dollars and Euros. The group policy is for the treasury division to consider these contracts and to hedge between 50% and 100% of the expected exposure. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the group use forward contracts.

For segment reporting purposes, each subsidiary designates contracts with group treasury as fair value hedges or cash flow hedges, as appropriate. External foreign exchange contracts are designated at group level as hedges of foreign exchange risk on specific assets, liabilities or future transactions on a gross basis.

Foreign currency exposure at the end of the reporting period

	Group	
Foreign Currency '000	**2017**	2016
Current assets – cash balances		
GBP	**2**	61
USD	**1 361**	4 665
EUR	**221**	746
Current assets – trade debtors		
GBP	**105**	35
USD	**1 415**	1 596
EUR	**116**	126
Current liabilities – trade payables		
GBP	**(125)**	(83)
MUR	**(45 207)**	(37 233)
USD	**(4 438)**	(5 223)
EUR	**(889)**	(791)
Exchange rates used for conversion of foreign items were:		
GBP	**18,1752**	17,8606
MUR	**0,3969**	0,3742
USD	**13,5666**	13,7327
EUR	**16,0294**	15,4105

Forward exchange contracts which relate to future commitments

	Maturity date range (from – to)		Maturity rate range (from – to)		Contracts to buy	Contracts to sell	Net Commit-ment
GBP	**06/10/2017**	**31/01/2018**	**18,10**	**18,50**	**40**	**–**	**40**
MUR	**31/10/2017**	**28/02/2018**	**0,41**	**0,42**	**46 208**	**–**	**46 208**
USD	**31/10/2017**	**27/09/2018**	**13,55**	**13,87**	**2 760**	**(3 345)**	**(585)**
EUR	**16/10/2017**	**31/01/2019**	**17,65**	**17,65**	**819**	**(3 600)**	**(2 781)**

The group reviews its foreign currency exposure, including commitments on an ongoing basis. The company utilises forward exchange contracts and cash holdings in foreign currency to hedge against foreign exchange exposure.

Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held consistent, of the group's profit before tax due to changes in the fair value of forward exchange to which the entity has significant exposure.

	Year-end spot rate	Rand appreciation/ (depreciation) %	Effect on Group R'000
2017			
– GBP	**18,1752**	**10**	**(40)**
		(10)	**40**
– MRU	**0,3969**	**10**	**(40)**
		(10)	**40**
– USD	**13,5666**	**10**	**3 048**
		(10)	**(3 048)**
– EUR	**16,0294**	**10**	**5 343**
		(10)	**(5 343)**
2016			
– GBP	17,8606	10	73
		(10)	(73)
– MRU	0,3742	10	(1)
		(10)	1
– USD	13,7327	10	(3 251)
		(10)	3 251
– EUR	15,4105	10	5 360
		(10)	(5 360)

33. SEGMENTAL INFORMATION

The group has identified four reportable segments which represent the structure used by the chief executive officer to make key operating decisions and assess performance.

The group's reportable segments are operating segments which are differentiated by the activities that each undertakes and markets they operate in. These reportable segments as well as the products and services from which each of them derives revenue are set out below:

Reportable Segment	Products and services
Travel and tourism	Wholesale, retail and coaching and touring services to local and international markets. The business units included in this segment are reflected on page 3 to 5.
Marine and boating	Supplies products to local yachting, power boat and scuba diving industries. The business units included in this segment are reflected on page 6.
Financial services	Provision of trade finance to customers of the group. The business units included in this segment are reflected on page 6.
Corporate services	Provides support to the group. The business units included in this segment are reflected on page 6.

Segmental revenue and results

The chief executive officer assesses the performance of the operating segments based on the measure of trading profit and profit before tax.

No single customer contributes more than 10% of the group's revenue. Transactions within the group take place on an arms length basis.

The segment information provided to the chief executive officer is presented below.

	Total segment revenue	Inter-segment revenue	Revenue from external customers	Profit before taxation
2017				
Travel and tourism	**879 015**	**(2 876)**	**876 139**	**166 574**
Marine and boating	**76 752**	**(366)**	**76 386**	**5 730**
Financial services	**53 914**	**2 876**	**56 790**	**19 681**
Corporate services	**4 754**	**366**	**5 120**	**(64 196)**
	1 014 435	**–**	**1 014 435**	**127 789**
2016				
Travel and tourism	852 893	999	853 892	132 044
Marine and boating	69 663	264	69 927	5 424
Financial services	115 481	(1 263)	114 218	14 470
Corporate services	2 637	–	2 637	(48 548)
	1 040 674	–	1 040 674	103 390

The assets and liabilities of the group are reported to the chief executive officer on a consolidated basis.

Geographical Information

R'000	Total segment revenue	Profit before taxation
2017		
South Africa	**983 639**	**118 270**
Rest of the World	**30 794**	**9 519**
	1 014 433	**127 789**
2016		
South Africa	1 018 645	98 778
Rest of the World	22 029	4 612
	1 040 674	103 390

ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES			
Revenue recognition			
Services rendered and commissions	Financial services	Sale of goods	Miscellaneous
Expenses			
Employment costs	Operating lease charges	Foreign exchange gains/losses	Commissions paid
Group Accounting			
Subsidiaries	Joint ventures	Associates	Translation of foreign currencies
Operating Assets			
Property, plant and equipment	Goodwill	Intangible assets	Inventories
Financial Instruments			
Loans and receivables	Financial assets at fair value through profit and loss	Financial liabilities at amortised cost	Financial liabilities at fair value through profit and loss
Capital and Reserves			
Share capital and equity			
Taxation			

These accounting policies are consistent with the previous period.

<table>
<tr><th colspan="4">BASIS OF PREPARATION</th></tr>
<tr><td colspan="4">The financial statements have been prepared using a combination of the historical cost and fair value basis of accounting.</td></tr>
<tr><th colspan="4">Prepared in accordance with</th></tr>
<tr><td>International Financial Reporting Standards (IFRS), SAICA Financial Reporting Guides, International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) standards and interpretations</td><td>JSE Listings Requirements</td><td>Companies Act, 71 of 2008</td><td>Going concern principles</td></tr>
<tr><th colspan="4">Functional – and presentation currency</th></tr>
<tr><td colspan="4">South African Rand</td></tr>
<tr><th colspan="4">Rounding principles</th></tr>
<tr><td colspan="4">R’000 (Thousand)</td></tr>
<tr><th colspan="4">Foreign currency transactions</th></tr>
<tr><td colspan="4">Procedures followed to translate to presentation currency</td></tr>
<tr><td colspan="4">In the group financial statements, the results and financial position of a foreign operation are translated into Rand using the following procedures:
• Monetary assets and liabilities for each statement of financial position presented are translated at the closing rate at reporting date.
• Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.
• Income and expenses for each statement of profit or loss and other comprehensive Income are translated at exchange rates at the dates of the transactions or, where exchange differences did not fluctuate significantly, at the average exchange rates for the period.</td></tr>
</table>

REVENUE

Revenue consists of turnover as categorised below, and investment income.

		Includes	Recognition	Measurement
Turnover	**Sale of goods**	Sale of goods to boat builders, leisure equipment and other goods	Revenue from the sale of goods is recognised when all the following conditions have been satisfied: • the group has transferred to the buyer the significant risks and rewards of ownership of the goods with no further management involvement; • the amount of revenue can be measured reliably; • it is probable that the economic benefits associated with the transaction will flow to the group; and • the costs incurred or to be incurred in respect of the transaction can be measured reliably.	Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.
	Rendering of services : Fees	Fees earned on travel services rendered	Travel service fees for Inbound Tour Operators are recognised on the date of commencement of travel (the booking). For the Corporate Travel agencies, fees are recognised on finalisation of the booking (Confirmation by the customer).	Fee revenue is measured at the fair value of the consideration received or receivable less the cost of the services payable to suppliers for the transaction (booking) in the normal course of business and net of value added tax.
	Rendering of services : Commissions	Commissions earned on travel services rendered	Commission is recognised on the finalisation of the transaction (booking). A booking is considered finalised upon receipt of the full amount due for the booking.	Commission revenue is measured at the fair value of the consideration received or receivable less the cost of the services payable to suppliers for the transaction (booking) and less commissions due to travel agencies where relevant and in the normal course of business and net of value added tax.

		Includes	Recognition	Measurement
Turnover (cont)	**Financial services interest**	Fees and interest on financial services	Fees charged for financial services are recognised upon the initial drawdown of funds by the customer at which point the fee is earned and not refundable. Interest is recognised, in profit or loss, over the duration of the transaction, using the effective interest rate method.	Fee revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for the provision of financial services provided in the normal course of business and net of value added tax.
	Miscellaneous	Rebates received, unbilled supplier invoices and incentives.	Incentives and rebates from suppliers are recognised when the terms of the contract to which the rebate relates have been met and the amount is quantifiable. Unbilled supplier invoices are recognised when there is reasonable certainty that the amount will not need to be paid.	Revenue is measured at the fair value of the consideration received or receivable in the normal course of business, net of value added tax.
Investment income	**Interest**		Interest is recognised in profit or loss.	Interest is measured using the effective interest rate method.
	Dividend income		Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.	Dividends are measured at the gross amount declared per share.

<table>
<tr><th colspan="2">EMPLOYEE BENEFITS</th></tr>
<tr><th colspan="2">Short-term employee benefits</th></tr>
<tr><td>Includes</td><td>Sick leave, bonuses, sales commissions and incentives, profit share, fringe benefits, provident and life insurance contributions and medical aid payments.</td></tr>
<tr><td>Accounting treatment</td><td>The expected cost of sales commissions and incentives, profit-sharing and bonus payments is recognised in the period in which the service is rendered and is not discounted. It is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

The expected cost of short-term accumulating absences is recognised as the employees render services that increase their entitlement or, in the case of non-accumulating leave, when the absence occurs. Accrued leave is measured as the amount that the company expects to pay as a result of unused entitlement that has accumulated to the employees at the reporting date.</td></tr>
<tr><th colspan="2">Post-employment benefits</th></tr>
<tr><td>Defined contribution plan</td><td>The group are members of the Vitae Umbrella Provident Fund, a fund governed by the Pension Funds Act, 24 of 1956. The group contributes a monthly contribution to these funds and does not bear any further responsibility thereafter.</td></tr>
<tr><td>Accounting treatment</td><td>The contributions are recognised as employee benefit expense when the related service is rendered.</td></tr>
<tr><th colspan="2">Share-based payments</th></tr>
<tr><td>Description</td><td>The group operates two equity-settled share-based compensation plans as described in note 43, under which the employees received a right to acquire equity instruments of the group at a set exercise price if they work for a set period of time.</td></tr>
<tr><td>Accounting treatment</td><td>The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense over the vesting period. The total amount to be expensed is determined by reference to the fair value of the granted shares:

– including any market performance conditions;

– excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

– less, the exercise price payable.

At the end of each reporting period, the group revises its estimates of the number of equity instruments that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.</td></tr>
</table>

LEASES

Cullinan leases premises and equipment by means of operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

COMMISSIONS PAID

Commissions paid include amounts paid or accrued to independent travel consultants, and external agents for the commission on sale of goods.

CONSOLIDATION

SUBSIDIARIES
Recognition and measurement
Company: Investments in subsidiaries are measured at cost less any accumulated impairment. **Group:** Business combinations are accounted for using the acquisitions method. When the group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the group's accounting policies as well as the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Subsidiaries are consolidated from the date of acquisition, which is the date on which the group obtains control of the subsidiary and continue to be consolidated until the date that control ceases.
Non-controlling interest
Non-controlling interests, included separately within equity, are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition, adjusted for their share of profits thereafter.
Intercompany transactions
All intergroup balances, transactions, income and expenses are eliminated in full in the consolidated financial statements.
Translation of foreign currencies
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Rand at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Rand at the exchange rates at the dates of the transactions.

INVESTMENT IN JOINT VENTURES AND ASSOCIATES
Recognition and measurement
Company: Investments in joint ventures and associates are measured at cost less any accumulated impairment. **Group:** Joint ventures and associates are accounted for using the equity method. Interest in equity-accounted investees are initially recognised at cost with the carrying amount adjusted to recognise the group's share of the profit and loss and other comprehensive income of the associate after acquisition less any dividends received. The Group's investment in joint ventures includes goodwill recognised on acquisition. In instances where the year-ends of equity-accounted investees differ from that of the group, monthly management accounts are used to ensure information is reported coterminous with the group's year-end.

<table>
<tr><th colspan="5">PROPERTY, PLANT AND EQUIPMENT</th></tr>
<tr><th>Categories</th><th>Initial measurement</th><th>Subsequent measurement</th><th>Depreciation method</th><th>Impairment</th></tr>
<tr><td>Land</td><td rowspan="7">Cost[#]</td><td>Carried at the revaluated* amount (Fair value less depreciation and accumulated impairment losses)</td><td rowspan="6">Land is not depreciated.
All other property, plant and equipment is depreciated on a straight-line basis over the useful lives to its residual value.</td><td rowspan="7">No impairment indicators were noted during the year and no impairment was recognised.</td></tr>
<tr><td>Buildings</td><td rowspan="6">Cost less accumulated depreciation and accumulated impairment losses</td></tr>
<tr><td>Plant and machinery</td></tr>
<tr><td>Furniture and fixtures</td></tr>
<tr><td>Motor vehicles</td></tr>
<tr><td>IT equipment</td></tr>
<tr><td>Leasehold improvements</td><td>Depreciated over the length of the lease period</td></tr>
<tr><td colspan="5">* Revaluations are recognised through other comprehensive income to the revaluation reserve in equity. External valuations are performed every three years.
Property, plant and equipment is initially measured at cost including all of the expenditure which is directly attributable to the acquisition.</td></tr>
</table>

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	**Average useful life**
Buildings	20 years
Plant and machinery	5 to 10 years
Furniture and fixtures	5 to 13 years
Motor vehicles	4 to 8 years
IT equipment	3 to 4 years
Leasehold improvements	Length of lease period

GOODWILL				
Categories	**Initial measurement**	**Subsequent measurement**	**Amortisation method**	**Impairment**
Goodwill	Consideration paid in business combination less fair value of net assets acquired. Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the presentation currency of the group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.	Initial cost less any impairment. Impairments are not subsequently reversed.	Goodwill is not amortised.	Allocated to cash generating units for impairment testing. Tested annually for impairment.

OTHER INTANGIBLE ASSETS				
Categories	**Initial measurement**	**Subsequent measurement**	**Amortisation method**	**Impairment**
Custom generated software	Capitalised cost.	Cost less accumulated amortisation and accumulated impairment losses.	Amortised on a straight-line basis over their estimated useful lives.	No impairment indicators were noted during the year and no impairment was recognised.

The intangible asset recognised within Cullinan relates to development costs for the travel management software utilised within the Inbound and Outbound tour operating businesses. This has been recognised as the system is in use and generating economic benefits expected to be realised over eight years, with a remaining expected useful life of five years.

INVENTORIES

The group's inventory consists of marine supplies for boat builders within the marine segment. Within the financial services segment, inventory is purchased and held on behalf of the client for which it is carried. The nature of this inventory will vary dependent upon the client. Inventory is carried at the lower of cost and its net realisable value.

The cost of inventories comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR NINE MONTHS ENDED 30 JUNE 2018

		Group		Company	
Figures in Rand thousand	**Notes**	**2018**	**2017**	**2018**	**2017**
Turnover	2	1172 461	1 122 936	862 546	836 982
Cost of sales	3	(677 865)	(618 143)	(470 997)	(427 523)
Gross profit		**494 596**	**504 793**	**391 549**	**409 459**
Other operating income		6 500	3 145	2 096	2 339
Other operating gains	4	13 384	21 728	13109	21 042
Other operating expenses		(402 686)	(439 184)	(332 093)	(360 694)
Trading profit	5	**111 794**	**90482**	**74 661**	**72 146**
Investment income	6	19 166	17 994	18 452	19 589
Finance costs	34	(16 711)	(15 207)	(16 381)	(14 700)
Income from equity accounted investments		–	3 303	–	–
Profit before taxation		**114 249**	**96 572**	**76 732**	**77 035**
Taxation	7	(31 990)	(7 408)	–	–
Profit for the year		**82 259**	**89 164**	**76 732**	**77 035**
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		–	(494)	–	–
Other comprehensive income for the year net of taxation		**–**	**(494)**	**–**	**–**
Total comprehensive income for the year		**82 259**	**88 670**	**76 732**	**77 035**
Profit attributable to:					
Owners of the parent		82 000	88 958	76 732	77 035
Non-controlling interest		259	206	–	–
		82 259	**89 164**	**76 732**	**77 035**
Total comprehensive income attributable to:					
Owners of the parent		82 000	88 464	76 732	77 035
Non-controlling interest		259	206	–	–
		82 259	**88 670**	**76 732**	**77 035**
Earnings per share					
Per share information					
Basic earnings per share (c)	8	–	11,52	–	–
Diluted earnings per share (c)	8	–	11,37	–	–
		–	**22,89**	**–**	**–**

STATEMENT OF FINANCIAL POSITION
FOR NINE MONTHS ENDED 30 JUNE 2018

		Group		Company	
Figures in Rand thousand	**Notes**	**2018**	**2017**	**2018**	**2017**
ASSETS					
Non-current assets					
Property, plant and equipment	9	309 993	299 208	144 997	151 344
Investment property		13 350	13 350	11 190	11 190
Goodwill	10	97 432	99 873	59 787	59 787
Intangible assets	11	18 734	21 090	18 370	20 776
Investments in subsidiaries	12	–	–	50 256	49 810
Investments in joint ventures	13	18 578	15 323	1 840	1 483
Investments in associates		3 117	3 113	2 388	2 388
Loans to group companies	14	68 300	54 782	47 742	50 058
Deferred tax	15	5 587	4 703	3 512	2 557
		535 091	**511 442**	**340 082**	**349 393**
Current assets					
Inventories	16	31 646	38 962	10 924	14 342
Loans to group companies	14	1 680 442	1 426 630	1 684 407	1 469 226
Trade and other receivables	17	455 519	431 048	363 260	364 234
Other financial assets		5 434	4 513	5 429	4 503
Current tax receivable	33	14 872	14 421	14 872	14 418
Other assets		–	25	–	25
Cash and cash equivalents	18	286 469	218 661	229 035	189 308
		2 474 382	**2 134 260**	**2 307 927**	**2 056 056**
Total assets		**3 009 473**	**2 645 702**	**2 648 009**	**2 405 449**

		Group		Company	
Figures in Rand thousand	**Notes**	**2018**	**2017**	**2018**	**2017**
EQUITY AND LIABILITIES					
Equity					
Equity attributable to equity holders of parent					
Share capital	19	198 341	163 647	198 341	185 288
Reserves		2 989	38 206	–	36 469
Retained income		424 478	330 254	317 637	240 905
		625 808	532 107	515 978	462 662
Non-controlling interest		596	3 497	–	–
		626 404	**535 604**	**515 978**	**462 662**
Liabilities					
Non-current liabilities					
Loans from group companies	14	70 990	54 782	18 589	4 725
Loans from shareholders	20	45 000	44 700	45 000	44 700
Preference share liability		500	500	500	500
Operating lease liability		10 661	7 914	6 803	4 146
Deferred tax	15	16 972	12 201	–	–
Provisions		21	–	21	–
		144 144	**120 097**	**70 913**	**54 071**
Current liabilities					
Trade and other payables	21	506 845	515 297	426 210	446 668
Loans from group companies	14	1 715 747	1 471 224	1 623 458	1 443 297
Other financial liabilities		2 013	27	2 013	–
Operating lease liability		1 350	727	1 093	246
Current tax payable	33	4586	3 955	–	–
Provisions		8 327	(1 527)	8 327	(1 527)
Dividend payable		17	31	17	31
Bank overdraft	18	40	267	–	1
		2 238 925	**1 990 001**	**2 061 118**	**1 888 716**
Total liabilities		**2 383 069**	**2 110 098**	**2 132 031**	**1 942 787**
Total equity and liabilities		**3 009 473**	**2 645 702**	**2 648 009**	**2 405 449**

FOREIGN CULLINAN PREFERENCE SHAREHOLDERS AND EXCHANGE CONTROL REGULATIONS

1. FOREIGN CULLINAN PREFERENCE SHAREHOLDERS

The Scheme may be affected by the laws of the relevant jurisdiction of a Foreign Cullinan Preferencer Shareholder. A Foreign Cullinan Preference Shareholder should acquaint itself about and observe any applicable legal requirements of such jurisdiction in relation to all aspects of this Circular that may affect it. It is the responsibility of each Foreign Cullinan Preference Shareholder to satisfy itself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Scheme, including the obtaining of any governmental, exchange control or other consents, the making of any filings which may be required, the compliance with other necessary formalities and the payment of any taxes or other requisite payments due in such jurisdiction.

The Scheme is governed by the laws of South Africa and is subject to any applicable laws and regulations, including the Exchange Control Regulations.

Any Cullinan Shareholder who is in doubt as to its position, including, without limitation, its tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

2. EXCHANGE CONTROL REGULATIONS

The following is a summary of the Exchange Control Regulations. It is intended as a guide only and is not a comprehensive statement of the Exchange Control Regulations which apply to Scheme Participants. Scheme Participants who have any queries regarding the Exchange Control Regulations should contact their own professional advisors without delay.

2.1 Residents of the Common Monetary Area

In the case of:

2.1.1 Own-name Scheme Participants holding Cullinan Preference Shares whose registered addresses in the Register are within the Common Monetary Area and whose Documents of Title are not restrictively endorsed in terms of the Exchange Control Regulations, the Scheme Consideration will be posted to such Scheme Participants; or

2.1.2 Scheme Participants whose Cullinan Preference Shares are held by CSDPs or Brokers on their behalf as nominees and whose registered addresses in the sub-Register managed by CSDPs or Brokers are within the Common Monetary Area and whose accounts with their CSDP or Broker have not been restrictively designated in terms of the Exchange Control Regulations, the Scheme Consideration will reflect in the account nominated for the relevant Scheme Participant by their duly appointed CSDP or Broker in terms of the provisions of the Custody Agreement with their CSDP or Broker.

2.2 Emigrants from the Common Monetary Area

2.2.1 The Scheme Consideration is not freely transferable from South Africa and must be dealt with in terms of the Exchange Control Regulations.

2.2.2 The Scheme Consideration due to an own-name Scheme Participant who is an emigrant from South Africa, whose registered address is outside the Common Monetary Area and whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations, will be deposited in a blocked account with the authorised dealer in foreign exchange in South Africa controlling the Scheme Participant's blocked assets in accordance with his instructions, against delivery of the relevant Documents of Title.

2.2.3 In terms of a recent relaxation to the exchange control rulings, emigrants may externalise the Scheme Consideration by making application to the Financial Surveillance Department of the South African Reserve Bank via the requisite authorised dealer channel. Previously, a 10% levy would have been payable on externalisation. This is however no longer the position and the Scheme Consideration may, on application, be externalised free of the levy.

2.2.4 The authorised dealer releasing the relevant documents of title in terms of the Scheme must countersign the form of surrender *(blue)* thereby indicating that the Scheme Consideration will be placed directly in its control.

2.2.5 The attached form of surrender *(blue)* makes provision for the details of the authorised dealer concerned to be provided.

2.3 **All other non-residents of the Common Monetary Area**

2.3.1 The Scheme Consideration due to an own-name Scheme Participant who is a non-resident of South Africa and who has never resided in the Common Monetary Area, whose registered address is outside the Common Monetary Area and whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations, will be deposited with the authorised dealer in foreign exchange in South Africa nominated by such Scheme Participant. It will be incumbent on the Scheme Participant concerned to instruct the nominated authorised dealer as to the disposal of the Scheme Consideration against delivery of the relevant Documents of Title.

2.3.2 The form of surrender *(blue)* attached to this Circular makes provision for the nomination required in terms of paragraph 2.3.1 above. If the information regarding the authorised dealer is not given in terms of paragraph 2.3.1 above, the Scheme Consideration will be held in trust by Cullinan for the Scheme Participants concerned pending receipt of the necessary information or instruction.

WORDING OF SECTION 115 AND SECTION 164 OF THE COMPANIES ACT

"Section 115: Required approval for transactions contemplated in Part A

(1) Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless –

(a) the disposal, amalgamation or merger, or scheme of arrangement –

(i) has been approved in terms of this section; or

(ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and

(b) to the extent that Parts B and C of this Chapter and the Takeover Regulations, apply to a company that proposes to –

(i) dispose of all or the greater part of its assets or undertaking;

(ii) amalgamate or merge with another company; or

(iii) implement a scheme of arrangement,

the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119 (4)(b), or exempted the transaction in terms of section 119(6).

(2) A proposed transaction contemplated in subsection (1) must be approved –

(a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company's Memorandum of Incorporation, as contemplated in section 64(2); and

(b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company's holding company if any, if –

(i) the holding company is a company or an external company;

(ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and

(iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and

(c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).

(3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if –

(a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or

(b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).

(4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights –

(a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or

(b) required to be voted in support of a resolution, or actually voted in support of the resolution.

(4A) In subsection (4), 'act in concert' has the meaning set out in section 117(1)(b).

(5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either –

(a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or

(b) treat the resolution as a nullity.

(6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant –

(a) is acting in good faith;

(b) appears prepared and able to sustain the proceedings; and

(c) has alleged facts which, if proved, would support an order in terms of subsection (7).

(7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if –

(a) the resolution is manifestly unfair to any class of holders of the company's securities; or

(b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.

(8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person –

(a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and

(b) was present at the meeting and voted against that special resolution.

(9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect –

(a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;

(b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;

(c) the transfer of shares from one person to another;

(d) the dissolution, without winding-up, of a company, as contemplated in the transaction;

(e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or

(f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.

Section 164: Dissenting shareholders appraisal rights

(1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.

(2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to –

(a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or

(b) enter into a transaction contemplated in section 112, 113, or 114,

(c) that notice must include a statement informing shareholders of their rights under this section.

(3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.

(4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who –

(a) gave the company a written notice of objection in terms of subsection (3); and

(b) has neither –

(i) withdrawn that notice; or

(ii) voted in support of the resolution.

(5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if –

(a) the shareholder –

(i) sent the company a notice of objection, subject to subsection (6); and

(ii) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;

(b) the company has adopted the resolution contemplated in subsection (2); and

(c) the shareholder –

(i) voted against that resolution; and

(ii) has complied with all of the procedural requirements of this section.

(6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.

(7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within –

(a) 20 business days after receiving a notice under subsection (4); or

(b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.

(8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state –

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder seeks payment; and

(c) a demand for payment of the fair value of those shares.

(9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless –

(a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);

(b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or

(c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.

(10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.

(11) Within five business days after the later of –

(a) the day on which the action approved by the resolution is effective;

(b) the last day for the receipt of demands in terms of subsection (7)(a); or

(c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.

(12) Every offer made under subsection (11) –

(a) in respect of shares of the amended class or series must be on the amended terms; and

(b) lapses if it has not been accepted within 30 business days after it was made.

(13) If a shareholder accepts an offer made under subsection (12) –

(a) the shareholder must either in the case of –

(i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or

(ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and

(b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and –

(i) tendered the share certificates; or

(ii) directed the transfer to the company of uncertificated shares.

(14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has –

(a) failed to make an offer under subsection (11); or

(b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.

(15) On an application to the court under subsection (14) –

(a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;

(b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and

(c) the court –

(i) may determine whether any other person is a dissenting shareholder who should be joined as a party;

(ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);

(iii) in its discretion may –

(aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or

(bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;

(iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and

(v) must make an order requiring –

(aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and

(bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.

(15A) At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case –

(a) that shareholder must comply with the requirements of subsection 13(a); and

(b) the company must comply with the requirements of subsection 13(b).

(16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.

(17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pays its debts as they fall due and payable for the ensuing 12 months –

(a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and

(b) the court may make an order that –

(i) is just and equitable, having regard to the financial circumstances of the company; and

(ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.

(18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.

(19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to –

(a) the provisions of that section; or

(b) the application by the company of the solvency and liquidity test set out in section 4.

(20) Except to the extent –

(a) expressly provided in this section; or

(b) that the Panel rules otherwise in a particular case,

a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person."

CULLINAN HOLDINGS LTD
TOURISM & LEISURE

CULLINAN HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1902/001808/06)
("Cullinan" or "the Company")
Preference share code: CULP ISIN code: ZAE000001947

NOTICE OF SCHEME MEETING OF SCHEME MEMBERS

NOTICE IS HEREBY GIVEN that a Scheme Meeting of Scheme Members will be held at 10:00 on Friday, 25 January 2019 at The Travel House, 6 Hood Avenue, Rosebank, Johannesburg.

Purpose

The purpose of the Scheme Meeting is to consider and, if deemed fit, to approve, with or without modification, the resolutions set out in this notice of scheme meeting.

Note:

1. The definitions and interpretations commencing on page 8 of the circular to which this notice of general meeting is attached ("**the Circular**"), apply mutatis mutandis to this notice and to the resolutions set out below.
2. For a special resolution to be approved by Scheme Members, it must be supported by at least 75% of the voting rights exercised on the resolution. For an ordinary resolution to be approved by Scheme Members, it must be supported by more than 50% of the voting rights exercised on the resolution.
3. Quorum requirement for the Scheme Meeting: sufficient persons being present to exercise, in aggregate, at least 25% of all voting rights that are entitled to be exercised on the resolutions.
4. The date on which Scheme Members must have been recorded as such in the Register for purposes of being entitled to receive this notice is Friday, 7 December 2018.

SPECIAL RESOLUTION NUMBER 1 – Approval of the Scheme in terms of sections 114 and 115 of the Companies Act

"**RESOLVED THAT** the Scheme in terms of section 114 of the Companies Act proposed by the Cullinan Board between the Company and the Scheme Members in terms of which Cullinan will, if such Scheme becomes operative, acquire all the issued Cullinan Preference Shares (save for those Cullinan Preference Shares currently held by Dissenting Shareholders that do not withdraw their respective demands made in terms of sections 164(5) to 164(8) of the Companies Act or allow any offers by the Company to them in terms of section 164(11) of the Companies Act to lapse, as more fully described in paragraph 4.7 of the Circular) for the Scheme Consideration for each Scheme Share disposed of in terms of the Scheme and the subsequent termination of the listing of the Cullinan Preference Shares on the JSE, be and is hereby approved as a special resolution in terms of section 115(2)(a) of the Companies Act".

Reason for and effect

Scheme Members are referred to the content of the Circular for more information relating to the reason for and effect of Special Resolution Number 1.

ORDINARY RESOLUTION NUMBER 1 – Authority granted to a director or Company Secretary

"**RESOLVED THAT**, subject to Special Resolution Number 1 being approved by the requisite majority of Scheme Members, any one director or the company secretary of the company be and is hereby authorised to do all such things and to sign all such documents as may be required to implement the Scheme and the de-listing of Cullinan from the JSE."

Reason for and effect

The reason for and effect of Ordinary Resolution Number 1 is that, after the implementation of the Scheme, the Cullinan Preference Shares will be de-listed from the JSE and any one director or the company secretary is hereby authorised to do all such things and to sign all such documents as may be required to implement the Scheme and the de-listing of Cullinan from the JSE.

VOTING AND PROXIES

The date on which Scheme Members must be recorded in the Register for purposes of being entitled to attend and vote at the Scheme Meeting, is Friday, 18 January 2019. The last day to trade in order to be entitled to attend and vote at the Scheme Meeting is Tuesday, 15 January 2019.

Section 63(1) of the Companies Act requires that meeting participants provide satisfactory identification. Accordingly, meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the Scheme Meeting and must accordingly bring a copy of their identity document, passport or drivers' licence to the Scheme Meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the Transfer Secretaries for guidance.

A Scheme Member entitled to attend, speak and vote at the Scheme Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the Company. For the convenience of Certificated Scheme Members and Dematerialised Scheme Members with own name registration, a form of proxy *(pink)* is attached hereto. Completion of a form of proxy will not preclude such Scheme Member from attending and voting (in preference to that shareholder's proxy) at the Scheme Meeting.

Duly completed forms of proxy and the authority (if any) under which it is signed must reach the Transfer Secretaries of the Company at the address given below by not later than 48 hours before the commencement of the Scheme Meeting (or any adjournment of such Scheme Meeting), excluding Saturdays, Sundays and official public holidays or, alternatively, such forms of proxy may be handed to the Chairman of the Scheme Meeting immediately prior to the commencement of the Scheme Meeting.

Dematerialised Scheme Members without own name registration who wish to attend the Scheme Meeting in person should request their CSDP or Broker to provide them with the necessary Letter of Representation in terms of their Custody Agreement with their CSDP or Broker. Dematerialised Scheme Members without own name registration who do not wish to attend but wish to be represented at the Scheme Meeting must advise their CSDP or Broker of their voting instructions. Dematerialised Scheme Members without own name registration should contact their CSDP or Broker with regard to the cut-off time for their voting instructions.

APPRAISAL RIGHTS FOR DISSENTING SHAREHOLDERS

In terms of section 164 of the Companies Act, at any time before Special Resolution Number 1 as set out in this notice is voted on, a Dissenting Shareholder may give the Company a written notice objecting to Special Resolution Number 1.

Within 10 business days after the Company has adopted Special Resolution Number 1, the Company must send a notice that Special Resolution Number 1 has been adopted to each Cullinan Preference Shareholder who:

- gave the Company a written notice of objection as contemplated above;
- has not withdrawn that notice; and
- has voted against Special Resolution Number 1.

A Cullinan Preference Shareholder may, within 20 business days after receiving the Company's aforementioned notice of the adoption of Special Resolution Number 1, demand that the Company pay the Cullinan Preference Shareholder the fair value for all of the Cullinan Preference Shares of the Company held by that person if:

- the Cullinan Preference Shareholder has sent the Company a notice of objection;
- the Company has adopted Special Resolution Number 1; and
- the Cullinan Preference Shareholder voted against Special Resolution Number 1 and has complied with all of the procedural requirements of section 164 of the Companies Act.

The provisions of section 164 of the Companies Act are set out in Annexure 4 to the Circular.

Signed at Johannesburg on behalf of the board of directors of the Company on 14 December 2018

By order of the board

B Allison
Company secretary

Registered Office
The Travel House
6 Hood Avenue
Rosebank
Johannesburg 2196
(PO Box 41032, Craighall 2024)

Transfer secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg 2196
(PO Box 61051, Marshalltown 2107)

CULLINAN HOLDINGS LTD
TOURISM & LEISURE

CULLINAN HOLDINGS LIMITED
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Preference share code: CULP ISIN code: ZAE000001947

FORM OF PROXY IN RESPECT OF THE SCHEME MEETING – ONLY FOR USE BY CERTIFICATED SCHEME MEMBERS AND DEMATERIALISED SCHEME MEMBERS WITH OWN NAME REGISTRATION

For use by Scheme Members at the Scheme Meeting convened in terms of the Companies Act to be held at 10:00 on Friday, 25 January 2019 at The Travel House, 6 Hood Avenue, Rosebank, Johannesburg or any adjourned or postponed meeting.

The definitions and interpretations commencing on page 8 of the circular to which this form of proxy is attached ("**the Circular**") apply mutatis mutandis to this form of proxy.

If you are a Dematerialised Cullinan Scheme Member without own name registration you must not complete this form of proxy but must instruct your CSDP or Broker as to how you wish to vote. This must be done in terms of the Custody Agreement between you and your CSDP or Broker.

I/We (Please **PRINT** names in full)

of (address)

Telephone number: Cell phone number:

E-mail address:

being the holder(s) of ______ Certificated Scheme Shares or Dematerialised Scheme Shares with own name registration

do hereby appoint (see notes 1 and 2):

1. or failing him/her,

2. or failing him/her,

3. the Chairman of the Scheme Meeting,

as my/our proxy to attend, speak and vote for me/us at the Scheme Meeting (or any adjournment thereof) for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name(s), in accordance with the following instruction (see notes):

	For	Against	Abstain
Special Resolution Number 1 Approval of scheme of arrangement between Cullinan and Scheme Members and de-listing of Cullinan Preference Shares from the JSE			
Ordinary Resolution Number 1 Authority granted to implement the Scheme and the de-listing of Cullinan Preference Shares			

* *One vote per Scheme Share held by Scheme Members. Scheme Members must insert the relevant number of votes they wish to vote in the appropriate box provided.*

Signed at: on 2019

Signature

Capacity of signatory (where applicable)

Note: Authority of signatory to be attached – see notes 8 and 9.

Assisted by me (where applicable)

Full name

Capacity

Signature

Notes:

1. Each Scheme Member is entitled to appoint 1 (one) (or more) proxies (none of whom need be a Cullinan Shareholder to attend, speak and vote in place of that Scheme Member at the Scheme Meeting.
2. A Scheme Member may insert the name of a proxy or the names of two alternative proxies of the Scheme Member's choice in the space/s provided with or without deleting "the Chairman of the Scheme Meeting" but the Scheme Member must initial any such deletion. The person whose name stands first on the form of proxy and who is present at the Scheme Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A Scheme Member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Scheme Member in the appropriate box provided. Failure to comply with the above will be deemed to authorise and direct the chairman of the Scheme Meeting if the chairman is the authorised proxy, to vote in favour of the Scheme, or any other proxy to vote or abstain from voting at the Scheme Meeting as he/she deems fit, in respect of all the Scheme Member's votes exercisable at the meeting.
4. Completed forms of proxy and the authority (if any) under which they are signed must be lodged with or posted to the Transfer Secretaries, Computershare Investor Services Proprietary Limited at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown 2107, e-mail address proxy@computershare.co.za) to be received by them by no later than 48 hours before the commencement of the Scheme Meeting (or any adjournment of the Scheme Meeting), excluding Saturdays, Sundays and official public holidays or, alternatively, such form of proxy may be handed to the Chairman of the Scheme Meeting prior to the commencement of the Scheme Meeting.
5. The completion and lodging of this form of proxy will not preclude the relevant Scheme Member from attending the Scheme Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Scheme Member wish to do so.
6. The chairman of the Scheme Meeting may accept or reject any form of proxy not completed and/or received in accordance with these notes or with the memorandum of incorporation of Cullinan.
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by Cullinan or the Transfer Secretaries.
9. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has been registered by Cullinan or the Transfer Secretaries or waived by the chairman of the Scheme Meeting.
10. Where Scheme Shares are held jointly, all joint holders are required to sign this form of proxy.
11. A minor Scheme Member must be assisted by his/her parent/guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by Cullinan or the Transfer Secretaries.
12. Dematerialised Scheme Members who do not own Scheme Shares in own name dematerialised form and who wish to attend the Scheme Meeting, or to vote by way of proxy, must contact their CSDP or Broker who will furnish them with the necessary letter of representation to attend the Scheme Meeting or to be represented thereat by proxy. This must be done in terms of the agreement between the Scheme Member and his/her CSDP or Broker.
13. This form of proxy shall be valid at any resumption of an adjourned meeting to which it relates although this form of proxy shall not be used at the resumption of an adjourned meeting if it could not have been used at the Scheme Meeting from which it was adjourned for any reason other than it was not lodged timeously for the meeting from which the adjournment took place. This form of proxy shall in addition to the authority conferred by the Companies Act except insofar as it provides otherwise, be deemed to confer the power generally to act at the Scheme Meeting, subject to any specific direction contained in this form of proxy as to the manner of voting.
14. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Scheme Share in respect of which the proxy is given, provided that no notification in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Transfer Secretaries before the commencement of the meeting or adjourned meeting at which the proxy is used.
15. Any proxy appointed pursuant to this form of proxy may not delegate her or his authority to act on behalf of the relevant Scheme Member.
16. In terms of section 58 of the Companies Act, unless revoked, an appointment of a proxy pursuant to this form of proxy remains valid only until the end of the Scheme Meeting or any adjournment of such Scheme Meeting.

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- A shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a Cullinan Shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder.
- A shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder.
- A proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy.
- Irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder.
- Any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise.
- If an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company.
- A proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise.
- If the instrument appointing a proxy or proxies has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's memorandum of incorporation to be delivered to a shareholder must be delivered by such company to:
  - the relevant shareholder; or
  - the proxy or proxies, if the relevant shareholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so.

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FORM OF SURRENDER FOR USE BY CERTIFICATED SCHEME PARTICIPANTS IN RELATION TO THE SCHEME

The definitions and interpretations commencing on page 8 of the circular to which this form of surrender, transfer and acceptance is attached ("**the Circular**"), apply mutatis mutandis to this form of surrender, transfer and acceptance.

This form should be read in conjunction with the Circular.

Instructions:

1. A separate form of surrender is required for each Certificated Scheme Participant. Certificated Scheme Participants must complete this form in BLOCK CAPITALS.
2. Part A must be completed by all Certificated Scheme Participants who return this form as it **relates to the surrender of Documents of Title**.
3. Part B must be completed by Certificated Scheme Participants **who are emigrants from or non-residents of** the Common Monetary Area (see note 2).

Please also read the notes below.

To: The Transfer Secretaries

Hand deliveries to:	Postal deliveries to:
Computershare Investor Services Proprietary Limited Rosebank Towers 15 Biermann Avenue Rosebank Johannesburg 2196	Computershare Investor Services Proprietary Limited (PO Box 61763, Marshalltown 2107)

Dear Sirs

PART A –Surrender of Documents of Title

Scheme Participants who wish to anticipate the Scheme becoming operative and expedite settlement of the Scheme Consideration should complete Part A and return this form to the Transfer Secretaries together with their document(s) of title by no later than 12:00 on the Scheme Consideration Record Date.

Scheme Participants who are emigrants from or non-residents of the Common Monetary Area should also complete Part B.

Should the Scheme not become operative, any Documents of Title surrendered and held by the Transfer Secretaries will be returned to you by the Transfer Secretaries, at your own risk, by registered post within five Business Days from the date of receipt of the Documents of Title or the date on which it becomes known that the Scheme will not become operative, whichever is the later.

I/We hereby surrender the enclosed share certificate/s, certified transfer deed/s and/or other Documents of Title, details of which have been completed below, in respect of my/our holding of Scheme Shares.

Surname or Name of corporate body ______________________

First names (in full) ______________________

Title ______________________

Address to which the Scheme Consideration should be sent (if different from registered address): ______________________

Address ______________________

______________________ Postal code ______________________

Country ______________________

Telephone (   ) ______________________

Cellular telephone number ______________________

Share certificate/s and/or other Document(s) of Title to be surrendered

Name of registered holder (separate form for each holder)	Certificate number(s) (in numerical order)	Number of Scheme Shares covered by each certificate
	Total	

Signature of Certificated Scheme Member	**Stamp and address of agent lodging this form**
Assisted by me (if applicable)	
State full name and capacity	
Date 2018/2019	
Telephone number (Home) ( )	
Telephone number (Work) ( )	
Cell phone number ( )	

Signatories may be called upon for evidence of their authority or capacity to sign this form.

PART B

1. **TO BE COMPLETED ONLY BY CERTIFICATED SCHEME MEMBERS WHO ARE EMIGRANTS FROM THE COMMON MONETARY AREA.**

   The Scheme Consideration will be forwarded to the authorised dealer nominated below for its control and credited to the emigrant's blocked account. Accordingly, a non-resident who is an emigrant from South Africa must provide the following information:

   Name and address of authorised dealer in South Africa or substitute instruction ______________________

   ____

   ____

   ____

   Account number ______________________

2. **TO BE COMPLETED ONLY BY ALL OTHER NON-RESIDENT CERTIFICATED SCHEME MEMBERS WHO WISH TO PROVIDE A SUBSTITUTE ADDRESS.**

The Scheme Consideration will be posted to the registered address of the non-resident concerned, unless written instructions to the contrary are received and a substitute address provided below:

Substitute address ______________________________

____

____

3. **IF NO NOMINATION IS MADE IN TERMS OF 1 ABOVE, THE SCHEME CONSIDERATION WILL BE HELD IN TRUST BY THE TRANSFER SECRETARIES.**

Notes:

1. Emigrants from the Common Monetary Area must complete Part B.
2. All other non-residents of the Common Monetary Area must complete Part B if they wish the Scheme Consideration to be sent to an address other than their address in the Register.
3. If Part B is not properly completed, the Scheme Consideration (in the case of emigrants) will be held in trust by the Transfer Secretaries pending receipt of the necessary nomination or instruction.
4. The Scheme Consideration will not be sent to Certificated Scheme Members unless and until Documents of Title in respect of the relevant Scheme Shares have been surrendered to the Transfer Secretaries.
5. If a Certificated Scheme Member produces evidence to the satisfaction of Cullinan and Cullinan that Documents of Title in respect of Scheme Shares have been lost or destroyed, Cullinan may waive the surrender of such Documents of Title against delivery of a duly executed indemnity in a form and on terms and conditions approved by Cullinan and Cullinan, or may in their discretion waive such indemnity.
6. If this form of surrender is not signed by the Certificated Scheme Member, the Certificated Scheme Member will be deemed to have irrevocably appointed the company secretary of Cullinan to implement that Scheme Member's obligations under the Scheme on his/her behalf.
7. Persons who have acquired Cullinan Preference Shares after the date of posting of the Circular to which this form of surrender is attached, can obtain copies of the form of surrender and the Circular from Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196.
8. No receipts will be issued for documents lodged, unless specifically requested. In compliance with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts. Signatories may be called upon for evidence of their authority or capacity to sign this form.
9. Any alteration to this form of surrender must be signed in full and should not be merely initialled.
10. If this form of surrender is signed under a power of attorney, then such power of attorney, or a notarially certified copy hereof, must be sent with this form for noting (unless it has already been noted by Cullinan or the Transfer Secretaries).
11. Where the Certificated Scheme Member is a company or a close corporation, unless it has already been registered with Cullinan or the Transfer Secretaries, a certified copy of the directors' or members' resolution authorising the signing of this form of surrender must be submitted if so requested by Cullinan.
12. Note 11 above does not apply in the event of this form bearing the stamp of a broking member of the JSE.
13. Where Scheme Shares are held jointly, all joint holders are required to sign this form of surrender.