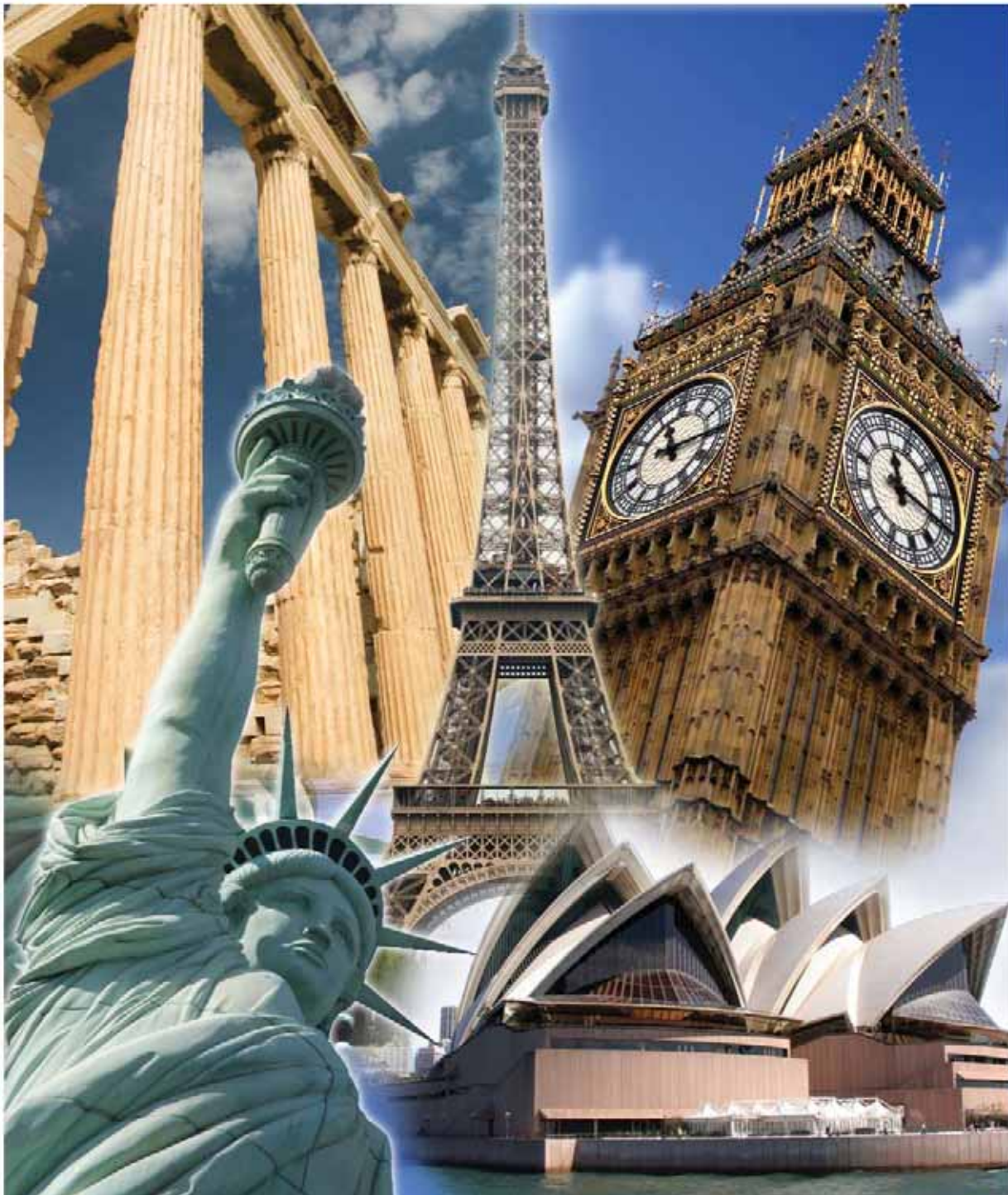




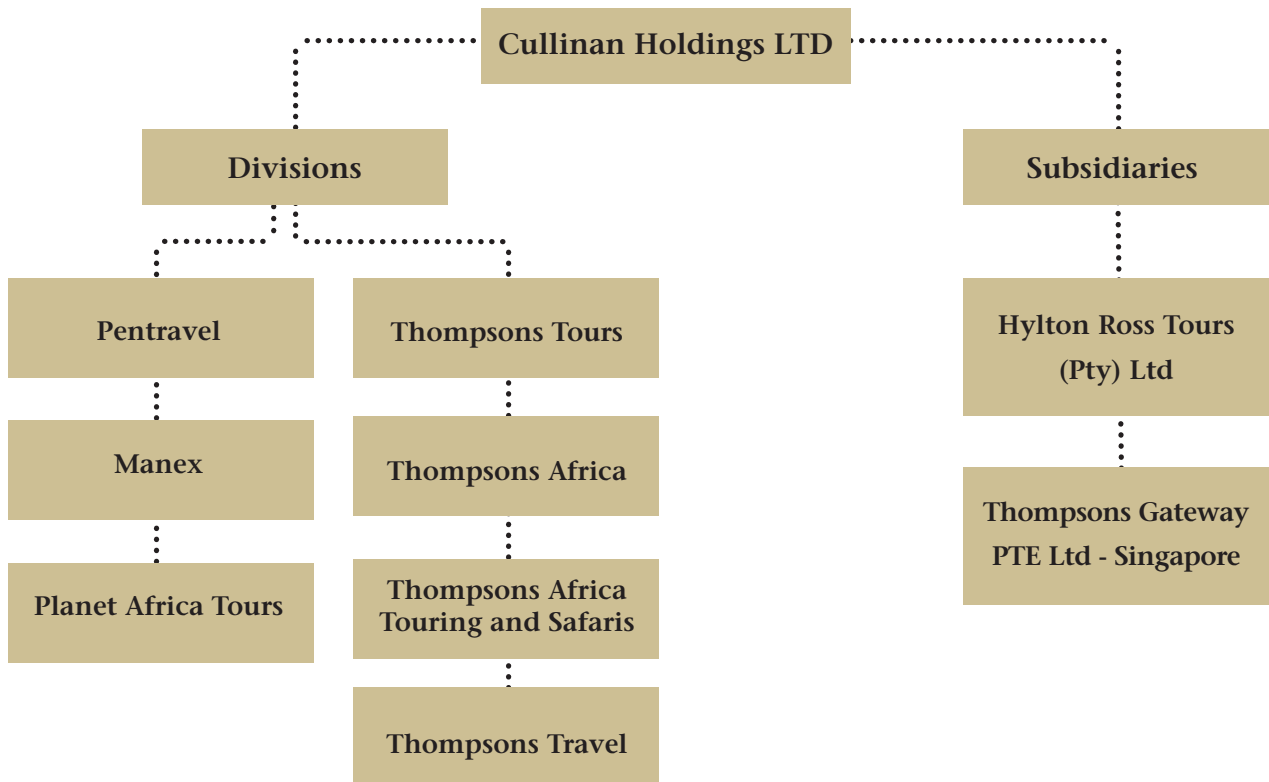
CULLINAN HOLDINGS

Annual Report



2007

CORPORATE PROFILE



THOMPSONS TRAVEL & TOURISM

The travel business was established in 1978. It has subsequently become a well-known brand in both the Incoming and Outgoing travel industry in Southern Africa. Over the years the group has been the winner of numerous travel awards. It has received "The Best International Tour Operator" and "The Best African Tour Operator" award from the Diners Club and the Association of South African Tourism Agents (ASATA) for the last five consecutive years.

With the exception of Hylton Ross, the group is managed as a single entity with the different divisions sharing common services wherever it is practical. Marketing and fulfillment are managed independently at a divisional level. The group's chosen marketplace is Sub-Saharan Africa and the adjacent Indian Ocean Islands. Its objective is to provide tourism and travel services to both people who live within this geographical area and to those who visit it.

THOMPSONS TOURS (the outbound division)

Thompsons Tours Outbound is a travel wholesaler with offices in Johannesburg, Durban and Cape Town. It trades with the retail travel agents in Southern Africa. The division distributes travel products to a wide variety of destinations catering primarily to the leisure travelers who live in Southern Africa. Destinations include South Africa itself, Africa, the Indian Ocean Islands, Europe, the United Kingdom, the Far East and the Americas. Apart from the arrangements that are sold to individuals, products requiring in-depth knowledge and experience such as Cruising, Ski holidays, Escorted Tours, Incentives, Conferences and Events are handled by specialists within the company. It has a staff complement of 370. The division is managed by Andre Viljoen.

AFRICAN FOOTPRINT

Thompsons Africa continues to expand its presence in Africa. It has a presence in all tourism contact points in South Africa as well as offices in Zambia, Zimbabwe and Namibia. New offices are being opened in Chobe (for Botswana) and Maputo (for Mozambique). A comprehensive range of multi-lingual destination management and ground-handling services are offered throughout the region.

THOMPSONS AFRICA (the inbound division)

The inbound division is a destination management company supplying fully inclusive arrangements in South and Southern Africa to a world-wide audience. These services include airport meet-and-greets, transfers, sightseeing and fully escorted tours, guaranteed departure seat-in-vehicle tours and fully inclusive services. There are satellite offices in Singapore, Tokyo, Osaka and Frankfurt as well as receptive offices in Johannesburg, Hazyview (for Kruger Park), Cape Town, Durban, Hluhluwe, Port Elizabeth (for the Garden Route), Windhoek and Victoria Falls. The division has a full-time staff complement of 233 which include foreign-language-speaking guides and consultants who are fluent in Mandarin, Arabic, Japanese, French, Italian, Russian, Spanish, German, Dutch and Portuguese. The division's customer base is well diversified, with business originating from most areas of the globe including Europe, the United Kingdom, Asia, the USA, South America, the Middle East, Russia, the Indian Ocean Islands and Africa. The division is managed by Linda Pampallis.

THOMPSONS AFRICA TOURING AND SAFARIS

The vehicle touring division operates its own fleet of 60 vehicles including Volkswagen minibuses, Volare Coaches and 16-seater Mercedes Sprinters, which together with a chartered fleet of touring coaches, provides a wide range of touring product that includes overland escorted tours. Day and city sightseeing tours are offered on a guaranteed departure basis, as are daily shuttles and point-to-point transfers. Overland seat-in-vehicle tours are offered in German, Spanish and English, and in most other major languages as and when required.

The Safari business operates in three locations - Hazyview for the Kruger National Park, Hluhluwe for the Hluhluwe/Umfolozi Game Reserve and surrounding St. Lucia area and the Victoria Falls for the Musi Otunia National park. It has a concession to conduct open vehicle game drives, walks and camping safaris in the Parks. With contracted accommodation, it provides a high quality game experience at an affordable price, which has been well received by the international market. The division has a staff complement of 87 and is managed by Angela Shackelford.

THOMPSONS TRAVEL

Thompsons Travel is a retail travel agency with offices in Durban, Cape Town and Johannesburg. The corporate division provides the full spectrum of travel services for the business community, while the leisure division concentrates on the needs of the holidaymaker. The division employs 77 people and is managed by Mary Shilleto.

PENTRAVEL

Pentravel specialises in marketing holidays and leisure travel. The 23 Pentravel sales shops are located in the largest shopping malls in all major centres and are supported by a Central Services unit based in Durban.

Apart from operating as a normal travel agency, Pentravel distributes and sells well known airline and leisure travel brands through its travel sales shops, including those of its sister division Thompsons and the international British Airways Holidays program.

The new PenDirect booking office, opened in January, deals with Web bookings from the public and is the fastest growing part of the business. Pentravel's software development programme includes a new on-line Web booking engine that will compete directly with the airlines in offering competitive airfares and travel packages.

The division employs 172 staff and is managed by Rob Crankshaw.

MANEX

Manex is a supplier to the yachting, power boat and scuba diving industries. It has offices in Cape Town and Johannesburg. It has a staff complement of 31 and is managed by John Colclough.

HYLTON ROSS TOURS (PTY) LTD.

Hylton Ross is a well known brand in the Western Cape and offers coach and vehicle charter. The fleet totalling some 50 vehicles ranges from luxury Mercedes chauffeur drive sedans to 49 seater full luxury touring coaches, licensed to collect groups anywhere in South Africa.

The brand is also synonymous with top quality seat-in-Kombi tours around the Western Cape and the Garden Route. The company is managed by Geert van Doorn and has a team of 45 office and workshop staff and a pool of some 42 freelance tour guides.

THOMPSONS GATEWAY PTE LIMITED (SINGAPORE)

Gateway is a sales office specialising in group and individual travel from the Far East to Southern Africa.

PLANET AFRICA TOURS

Planet Africa Tours, a division of Cullinan Holdings, is a 50/50 venture with Mr Takashi Miyata and partners. The division operates as a destination management company specialising in handling Japanese and Korean Inbound travellers. The division was started in 2005 and now employs 12 staff. The division is managed by Mr Takashi Miyata.

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SHAREHOLDERS' ANALYSIS

An analysis of the shareholding at 30 September 2007 as required by the JSE Limited (JSE) is as follows:

ORDINARY SHARES

Type of listed security	Ordinary shares
Total number of securities listed:	718 355 204

Type of shareholder	Number of shareholders	Number of securities held	% securities held
Public	1 084	51 653 166	7.2
Non-public	4	666 702 038	92.8
Total	1 088	718 355 204	100.0

ANALYSIS OF NON-PUBLIC ORDINARY SHAREHOLDERS

Type of shareholder	Number of shareholders	Number of securities held	% securities held	Options to subscribe for ordinary shares
Directors of the company or any of its subsidiaries:				
LA Pampallis	1	8 743 950	1.2	–
Any associates of the above	0	0	0.0	–
Any person who, by virtue of any agreement, has a right to nominate a person to the board of directors of the company	0	0	0.0	
Any person who is interested in 10% or more of the securities of the relevant class unless the JSE determines that such person can be included in the public for the purpose of paragraphs 4.29(d) & (e), 4.31 (g)(iv) & (v)	2	532 942 890	74.2	
Any associates of the above	1	125 015 198	17.4	

MAJOR SHAREHOLDERS HOLDING MORE THAN 5%

PUBLIC

Name	Holding	% holding
Holding less than 5%	51 653 166	7.2

NON-PUBLIC

Travcorp Financial Services Limited	456 313 278	63.5
BBH Collins Stewart Limited	125 015 198	17.4
BB Inv Co (Pty) Limited	76 629 612	10.7
Holding less than 5%	8 743 950	1.2
	666 702 038	92.8
Total	718 355 204	100.0

SHAREHOLDERS' ANALYSIS *(continued)*

5.5% CUMULATIVE PREFERENCE SHARES

Type of listed security: 5.5% cumulative preference shares

Total number of securities in issue:			500 000
Type of shareholder	Number of shareholders	Number of securities held	% securities held
Public	63	500 000	100.0
Non-public	0	0	0.0
Total	63	500 000	100.0

ANALYSIS OF NON-PUBLIC 5.5% CUMULATIVE PREFERENCE SHAREHOLDERS

Type of shareholder	Number of shareholders	Number of securities held	% securities held
Directors of the applicant or any of its subsidiaries	0	0	0
Any associates of the above	0	0	0
The trustees of any employees' share scheme or pension fund established for the benefit of any director or employees of the applicant and its subsidiaries	0	0	0
Any person who, by virtue of any agreement, has a right to nominate a person to the board of directors of the applicant	0	0	0
Any person who is interested in 10% or more of the securities of the relevant class unless the JSE determines that such person can be included in the public for the purpose of paragraphs 4.29(d) and (e), 4.31 (g)(iv) and (v)	0	0	0

MAJOR SHAREHOLDERS HOLDING MORE THAN 5%

PUBLIC

Name	Holding	% Holding
Forsdick – Charles Edward Errol	133 443	26.7
SA Equities Limited	91 000	18.2
Old Sillery (Pty) Limited	150 128	30.0
Holding less than 5%	125 429	25.1
	500 000	100.0

FINANCIAL REVIEW

for the year ended 30 September 2007

Group summary (R000)	12 months	12 months
	2007	2006
Income statement		
Revenue	353 710	269 076
Operating income	28 059	25 204
Exceptional items	–	(1 629)
Interest received	3 886	4 594
Attributable profit	21 917	18 975
Balance sheet		
Ordinary shareholders' funds	86 180	71 188
Preference shareholders' funds	1 046	1 046
Bank balances	122 768	124 826
Cash flow statement		
Increase/(Decrease) in cash and cash equivalents	(2 658)	23 036

Group summary	12 months	12 months
	2007	2006
Group statistics		
Ordinary share performance (cents per share)		
Attributable earnings	3.05	2.64
Headline earnings	3.19	2.64
Net asset value	12.14	10.00
Closing market price	65	44
Liquidity		
Current ratio	1.1:1.0	1.0:1.0
Other		
Number of ordinary shares issued (000)	718 355	718 272
Weighted average shares (000)	718 355	718 272
Number of employees	1 032	940

ADMINISTRATION AND SHAREHOLDERS' DIARY

Cullinan Holdings Limited

Incorporated in the Republic of South Africa
Registration number 1902/001808/06

Administration

Secretary
Mr QA Southey

Registered office

The Travel House
6 Hood Avenue
Rosebank

Auditors

BDO Spencer Steward
(Johannesburg) Incorporated
13 Wellington Road
Parktown 2193
Private Bag X60500
Houghton
2041

Postal address

PO Box 41032
Craighall
2024
Telephone: (011) 770-7994
Telefax: (011) 770-7485

Bankers

The Standard Bank of South Africa Limited

Transfer secretaries

Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street
Johannesburg 2001
PO Box 61051, Marshalltown 2107
Call Centre: (011) 688-7737

Sponsor

Arcay Moela Sponsors (Pty) Limited
3 Anerley Road
Parktown
2193
PO Box 62397, Marshalltown 2107

Financial year-end 30 September 2007
Annual general meeting 26 February 2008

2007 financial year reports and profit statements	Date of publication
Half-yearly interim report	May 2007
Results for the year ended 30 September 2007	December 2007
Annual financial statements	January 2008

Dividends	Declared	Paid
5.5% cumulative preference shares	June/December	July/January

CHIEF EXECUTIVE OFFICER AND CHAIRMAN'S REPORT

Overview

The past year has continued the historical growth trend in most of the business operations.

The group results are summarised as follows:

- Headline earnings per share improved by 21%
- Attributable earnings per share improved by 15%
- Operating cash flows remained strong

This year was characterised by good growth in the Inbound division and the Outbound division showing a weak first six months and then improving satisfactorily. Hylton Ross Tours performed above expectations and Pentravel opened several new travel outlets which reduced its current year profitability.

REVIEW OF OPERATIONS

Thompsons Tours (the Outbound division)

The Outbound division is a wholesale supplier of travel related products and holidays to the South African market. The domestic travel market has continued to be affected by the volatile Rand, the growth of low cost carriers, the National Credit Act and the change in buying patterns.

We have continued to focus on improving; the buying of products, the availability of inventory and on service. This has enabled this division to improve in the latter part of the year. Substantial additional IT and related costs have been necessary to align the business to the changing buying behaviours of travellers.

Thompsons Africa (the Inbound division)

The Inbound division is a tour wholesaler and destination marketing organisation that sells Africa to the rest of the world. Turnover is influenced by the relative strength of the South African Rand, the available air lift into South Africa, the extensive relationships with the international tour operators and service excellence. The Rand has been weaker for most of the year and has helped improve turnover and margins. Despite this the division has continued to focus on improving service and had a good year showing substantial growth out of both the Far East and the USA which has resulted in record turnover and profits.

Thompsons Africa Touring and Safaris

The touring division provides tourism products for the Incoming division. These include escorted tours, general sightseeing and open vehicle game drives in the National Parks which are offered throughout Southern Africa. Turnover and profits have improved significantly with the introduction of new touring products this year.

Thompsons Travel

Thompsons Travel is a retail travel agency with offices in Johannesburg, Cape Town and Durban. Both the Corporate and Leisure divisions showed a satisfactory improvement in profitability this year.

Pentravel

Pentravel is a chain of 23 retail travel outlets located in the major shopping malls throughout South Africa. During the year it opened several new outlets which require a ramp-up period to attain full performance and profitability. In addition, Pentravel invested substantially during the year in overall staff development and training. This will ensure Pentravel is well placed for continued growth and profitability in the future.

Hylton Ross Tours

Hylton Ross Tours operates coaches and vehicles for hire and charter in the domestic travel market and also provides day tours in and around the Western Cape and the Garden Route. It is a well known brand in the travel market and enjoys a substantial market share in the Western Cape. The coach charter market remained firm throughout the year and the company continued to grow turnover and profitability. The group's current year results include Hylton Ross Tours profits for a full year for the first time .

The company embarked on a major vehicle replacement and expansion programme during the year. This investment will ensure that it is well placed to continue its growth and profitability in the future.

CHIEF EXECUTIVE OFFICER AND CHAIRMAN'S REPORT *(continued)*

Thompsons Gateway

Gateway, a sales office in Singapore, had a good year showing improved turnover and profits. Profits were also positively influenced by the weaker South African Rand.

Planet Africa

Planet Africa is a joint venture operation formed to sell and market Southern Africa to Far East tourists. It has had a record year in turnover and profits.

Manex

Manex is a supplier to the yacht building industry. As a result of the general global yachting market improvement experienced by the Cape Town based yacht builders, Manex had a better year in turnover and profitability.

Prospects

The advent of 2010 has had a positive effect on Inbound tourist traffic. It is envisaged that this should continue in the coming year and should have a positive effect on the Inbound division, its Touring and Safari operations and Hylton Ross Tours.

The continued focus to improve the IT platforms and service in the Outbound division should continue to improve its growth and profitability. However, the South African leisure travel market may be further impacted by the recent introduction of the National Credit Act and increasing interest rates.

All the businesses are impacted by the volatility of the Rand and it remains an ongoing difficult challenge for management.



AN Viljoen
Chief Executive Officer



M Ness
Chairman

6 December 2007

FINANCIAL REPORT

Attributable profit for the group showed an increase of 15.5% over that of the previous year. Headline earnings, after adjusting losses for disposal of fixed assets, increased by 20.8%.

The group continues to generate positive operational cash flows.

PROPERTY, PLANT AND EQUIPMENT

The movement in the net book value of property, plant and equipment is detailed in note 1 of the financial statements. The group incurred capital expenditure of R27.2 million, with the main items being:

– Motor vehicles	R19.1 million
– Computer equipment	R2.9 million
– Leasehold improvements	R2.4 million
– Furniture and fittings	R2.4 million

Hylton Ross Tours embarked on a programme to replace vehicles and to increase the size of their fleet amounting to R14.6 million. This was financed through Vehicle and Asset Financing Instalment Sale Credit Facilities. The balance of the expenditure on motor vehicles was incurred by the Thompsons Africa Touring and Safaris division.

GOODWILL

The movement in the net book value of goodwill is included in note 3 of the financial statements. There were no acquisitions or disposals during the year.

INTANGIBLE ASSETS

The movement in the net value of intangible assets is included in note 4 of the financial statements. The group incurred capital expenditure of R4.7 million during the year on computer software.

WORKING CAPITAL

The group's working capital showed an increase during the year driven mainly by high turnover in the months of August and September 2007 in the Thompsons Africa and Planet Africa divisions. Despite the increase in working capital the group continues to generate positive operational cash flows.

CASH FLOW

A detailed cash flow is reflected in the financial statements and the notes thereto.

The group incurred a small negative cash flow of R2.6 million during the year. Positive operational cash flows were offset by the payment of taxation, the dividend and significant amounts on capital expenditure outlined above.

TAXATION

As the company has fully utilised its assessed loss, taxation payments were made for the first time in many years.

DIVIDENDS

An ordinary dividend (number 128) of 1 cent per ordinary share was declared and paid during the year.

The following preference dividends were declared during the year:

– 5.5% cumulative preference shares	R55 000
-------------------------------------	---------

RISK MANAGEMENT

Insurance losses, including material damage to assets and the resultant business interruption, are covered through policies underwritten locally by reputable insurers.

- **Foreign exchange risk** on the net Rand value of working capital and expected future sales is limited by using foreign exchange contracts where necessary.
- **Price hedging** on future purchases and sales of goods and services is not undertaken. Prices are established on normal commercial terms directly with suppliers or customers through agents.

FINANCIAL REPORT *(continued)*

- **Internal financial controls** are monitored on an ongoing basis with an outsourced internal auditor performing “status of records” reviews and reporting to the audit committee half-yearly.
- **Credit risk** is managed through an adequate internal control system including credit checks, client assessment and security over client assets.
- **Liquidity risk** is managed through comprehensive cash forecasts and cash management policies.

EMPLOYEE SHARE PURCHASE AND OPTION SCHEME

In October 1998 the shareholders of Cullinan Holdings Limited approved a new share scheme which, in the opinion of the directors, would more adequately serve the purpose and the functions of the share option scheme. The scheme was amended slightly in 2000.

The position of the scheme at 30 September 2007 was:

Number of options available for issue and allotment			93 000 000
Options taken back in 1993. Held in trust and subsequently sold in 2004.			(898 300)
Options taken up and shares issued – at 31/12/01		(261 700)	
– 01/01/02 to 31/10/02	(31 050 000)		
– 01/11/02 to 30/09/03	(2 500 000)		
– 01/10/03 to 30/09/04	(1 000 000)		
– 01/10/04 to 30/09/05	(0)		
– 01/10/05 to 30/09/06	(83 333)		
– 01/10/06 to 30/09/07	(83 333)	(34 716 666)	(34 978 366)
<hr/>			
Options allotted to participants – at 31/12/01	27 550 000		
Options allotted to participants – 01/01/02 to 31/10/02	8 350 000		
Less options taken up – as above	(34 716 666)		
Options lapsed	(1 183 334)		
<hr/>			
Balance of allotted options outstanding – at 30/09/07	0		
<hr/>			
Balance of options available for future issue and allotment			57 123 334
<hr/>			

CORPORATE GOVERNANCE

The company endorses the Code of Corporate Practices and Conduct as set out in the King II Report and believes that it complies with the major recommendations of the Code.

BOARD OF DIRECTORS

The board of directors comprises four non-executive directors and two executive directors. The roles of the Chairman and Chief Executive do not vest in the same person. Mr AA Thompson resigned as a director during the year and Mr AN Viljoen was appointed as a director during the year.

The board meets at least four times a year and is responsible for monitoring the group's performance and determining group strategy. Attendance of directors for the financial year was as follows:

	12 Dec 2006	28 Feb 2007	30 May 2007	12 Sept 2007
AA Thompson (Resigned 28/09/2007)	X	X	X	X
LA Pampallis		X		X
MA Ness	X	X	X	X
DD Hosking	X	X	X	X
VET O'Hana	X	X	X	X
M Tollman	X	X	X	X
AN Viljoen (Appointed 15/01/2007)	N/A	X	X	X

In terms of Article 20.0 of the Articles of Association, the following directors retire and are eligible for re-election:

- MA Ness
- DD Hosking

Brief CVs of the board members are as follows:

Andre Viljoen

Age 56. Resident of South Africa. Managing Director and Chief Executive Officer of Cullinan Holdings Limited. Previously Financial and Commercial Director of the Comair Group for 12 years and Chief Financial Officer, President and Chief Executive Officer of SAA for six years.

He has extensive knowledge of the Travel and Tourism industry.

Linda Pampallis

Age 50. Resident of South Africa. Chief Executive Officer of Thompsons Africa, the Thompsons Inbound division. She has been involved in the local travel industry for 28 years and serves on the board of Tourism KwaZulu-Natal and is a member of the KwaZulu-Natal Marketing Management Committee.

Michael Ness

Age 62. Resident of Switzerland. President and Chief Executive Officer of The Travel Corporation. Involved in the travel industry for 41 years, during which he oversaw the growth of Trafalgar Tours from a small European operator to the world's largest Coach Tour Operator. Actively involved in expansion, including the purchase of Contiki Holidays, Insight Vacations, Creative Holidays, New Horizons and Evan Evans, which led to the formation of The Travel Corporation as well as some subsidiaries. Is also Chairman of Wilderness Safaris.

David Hosking

Age 54. Resident of Switzerland. President and Chief Executive Officer of Travcorp SA in Switzerland. Also Managing Director of Contiki Holidays. Involved with Contiki for 28 years. Has intensive knowledge of touring worldwide, setting up programmes in Europe, USA, Canada, Australia, New Zealand, Asia and Africa. Is a member of The Travel Corporation board.

Vicki O'Hana

Age 44. Resident of Switzerland. Director of The Travel Corporation. Has extensive experience in the hotel industry and is active in The Travel Corporation's Hotel business, Red Carnation Hotels. Is a director of the 12 Apostles Hotel in Cape Town, South Africa. Brings excellent knowledge of the hospitality industry to the Cullinan board.

Michael Tollman

Age 46. South African resident. BComm, South African Chartered Accountant. Extensive experience worldwide in the travel and leisure industry. In particular, brings knowledge and experience to the board in the areas of finance, travel, mergers and acquisitions.

CORPORATE GOVERNANCE *(continued)*

DIRECTORS' DEALING IN SHARES

Mr Thompson sold 20 041 500 shares held directly and 3 541 000 shares held indirectly during the financial year.

There are no share options held by directors.

AUDIT COMMITTEE

The audit committee comprises two non-executive directors (DD Hosking and MA Ness) and an executive director (AN Viljoen) and is chaired by a non-executive director (DD Hosking), who is not chairman of the board. A senior partner from the company's auditors attends all meetings. The committee meets twice a year and reviews the annual and interim financial statements before they are submitted to the board.

The committee's main functions are to assist the directors in:

- Safeguarding the company's assets;
- Ensuring that adequate accounting records are maintained;
- Ensuring that proper internal control systems are in place; and
- Facilitating communication between the board, management and the external auditors.

REMUNERATION COMMITTEE

The remuneration committee comprises two non-executive directors (DD Hosking and MA Ness) and an executive director (AN Viljoen) and is chaired by a non-executive director (DD Hosking). The committee reviews and approves annual salaries, management incentive schemes, share option allocations and generally advises on group remuneration matters.

BOARD COMMITTEES

In terms of the Listings Requirements of the JSE, the company has adopted policies relating to:

- Appointments to the board of directors;
- Division of responsibilities of directors.

ACCOUNTING RECORDS AND INTERNAL CONTROL

The directors have ensured that adequate systems of internal control are designed, maintained and complied with. Financial discipline reviews are conducted annually by an outside consultant.

BLACK ECONOMIC EMPOWERMENT

The board of directors acknowledges the importance of BEE in the transformation of South Africa and has adopted a broad-based BEE charter that will secure and potentially increase Cullinan's competitive advantage into the future.

The company has developed a scoreboard approach with a 7 factor enabling framework, based on the Tourism BEE Charter and Scorecard as published by the Department of Environmental Affairs and Tourism and the Tourism Business Council of South Africa (TBCSA), in order to both set objectives and track progress. Cullinan has developed an internal scorecard against which BEE contribution can be measured.

The current scorecard is built around the following core elements:

	Tourism Charter weightings %	Current company score %
1. Ownership	15	1.81
2. Strategic Representation	14	2.75
3. Employment Equity	14	12.33
4. Skills Development	20	9.64
5. Preferential Procurement	15	11.70
6. Enterprise Development	14	0.00
7. Social Development and Industry Specific	8	5.80
Total	100	44.03

CORPORATE GOVERNANCE *(continued)*

Industry specific scorecards are in the process of being approved by the Department of Trade and Industry (DTI). Once the TBCSA scorecard has been approved by DTI the company scorecard will be updated and an accredited rating agency will be engaged to independently rate the scorecard.

LABOUR LEGISLATION

The group conforms to labour legislation and subscribes to the principles of fairness developed and applied in labour dispute resolution forums. Annual returns have been submitted in terms of the requirements of the Employment Equity Act 1998.

EMPLOYMENT EQUITY

The group's latest employment equity progress report, by occupational level, is detailed below:

Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational levels	Male			Female				White Male	Foreign Nationals		Total
	A	C	I	A	C	I	W	W	Male	Female	
Top management	0	0	2	0	0	0	5	10	0	0	17
Senior management	1	1	1	0	0	0	32	14	0	0	49
Professionally qualified and experienced specialists and mid-management	2	2	7	0	4	5	81	15	0	0	116
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	38	13	40	35	27	87	297	37	0	0	574
Semi-skilled and discretionary decision making	28	8	13	43	27	34	42	21	0	0	215
Unskilled and defined decision making	14	0	0	16	3	1	0	0	0	0	35
Total permanent	83	24	63	94	61	127	457	97	0	0	1006
Non – permanent employees	0	0	0	3	3	2	6	0	0	0	14
Grand total	83	24	63	97	64	129	463	97	0	0	1020

HIV/AIDS

Cullinan Holdings recognises that HIV/AIDS in South Africa will impact on business and employees to a greater or lesser degree. In this context, the company has committed to measuring and understanding the potential impact of HIV/AIDS in the company, and to the implementation of an HIV/AIDS prevention and impact management strategy. The broad objectives of this programme will be:

- To build capability to manage the impact of HIV/AIDS;
- To constrain the development of new cases of HIV/AIDS in the organisation;
- To manage existing cases of HIV/AIDS effectively from a medical and psychological perspective; and
- To mitigate stigma in the workplace which embraces both the rights and responsibilities of all employees with regard to HIV/AIDS.

ETHICS

The group is committed to the highest standards of integrity, behaviour and ethics in dealing with all its stakeholders.

ENVIRONMENT

Cullinan makes an effort to ensure that all its business units are operated in a manner that minimises the effects on the environment and attempts are made to enhance their surroundings wherever possible.

DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The financial statements which appear on pages 15 to 44 were approved by the board of directors on 6 December 2007 and signed on their behalf.

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible for reporting on the fair presentation of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1973.

The directors are also responsible for the company's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.



AN Viljoen
Chief Executive Officer

6 December 2007



M Ness
Chairman

CERTIFICATE OF THE GROUP SECRETARY

In my capacity as Group Secretary, I hereby confirm, in terms of section 268 G(d) of the Companies Act, 1973, that for the year ended 30 September 2007, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.



QA Southey
Group Secretary

6 December 2007

REPORT OF THE INDEPENDENT AUDITORS

To the members of Cullinan Holdings Limited

We have audited the accompanying annual financial statements and group annual financial statements of Cullinan Holdings Limited, which comprise the balance sheet and consolidated balance sheet as at 30 September 2007, the income statement and consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 15 to 44.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

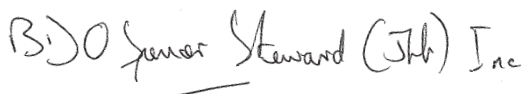
Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the company and of the group as at 30 September 2007, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.



BDO Spencer Steward (Johannesburg) Incorporated

Registered Auditors

Johannesburg
6 December 2007

DIRECTORS' REPORT for the year ended 30 September 2007

The activities and results of the group are summarised in the Chief Executive Officer's report and the Financial report. In addition, the following statutory information is provided.

SUBSIDIARIES

A schedule giving the details of the company's holdings in subsidiary companies, associate companies and an investment in a joint venture appear on pages 42, 43 and 44 of this report. The aggregate net income and losses of subsidiaries attributable to the company for the year were as follows:

	12 months 2007 R'million	12 months 2006 R'million
Net income in subsidiaries	7.3	2.4
Net losses in subsidiaries	–	0.1

AUTHORISED AND ISSUED SHARE CAPITAL

Details of the authorised and issued share capital at 30 September 2007 are included in note 9 to the financial statements.

Authorised share capital

There were no changes to the authorised share capital during the year.

Issued share capital

Ordinary shares

83 333 ordinary shares of 1 cent each were issued during the year as a result of share options exercised.

Preference shares

No change during the year.

BORROWING FACILITIES

The group has no short-term borrowing facilities. The group has a long-term revolving facility of R25 million with the Standard Bank of South Africa Limited. The loan bears interest at prime. The Group also has Vehicle and Asset Financing Instalment Credit facilities of R85 million with Absa Bank Limited and the Standard Bank of South Africa Limited.

EVENTS OCCURRING SUBSEQUENT TO BALANCE SHEET DATE

An investment property was sold subsequent to year end and realised a surplus of R1.9 million.

No other significant events have occurred subsequent to the Balance Sheet date.

DIRECTORS

The following directors served in office during the year ended 30 September 2007:

MA Ness	–	Chairman – Non-Executive Director (British)
DD Hosking	–	Non-Executive Director (New Zealand)
VET O'Hana	–	Non-Executive Director
AA Thompson	–	Executive Director (resigned 28 September 2007)
LA Pampallis	–	Executive Director
M Tollman	–	Non-Executive Director
AN Viljoen	–	Executive Director (appointed 15 January 2007)

COMPANY SECRETARY

Mr QA Southey, appointed on 31 May 2003, served as Company Secretary during the year.

SPECIAL RESOLUTIONS

No special resolutions were passed during the year.

BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act in South Africa. The financial statements are prepared on the going concern basis under the historical cost convention as modified by the revaluation of certain financial instruments and investment properties where appropriate, and incorporate the following accounting policies which are consistent with those applied in the previous year.

BASIS OF CONSOLIDATION

Investment in subsidiaries

Subsidiaries are those entities over whose financial and operating policies the group has the power to exercise control, so as to obtain benefits from their activities.

The group financial statements incorporate the assets, liabilities and results of the operations of the company and its subsidiaries. The results of subsidiaries acquired and disposed of during a financial year are included from the effective dates of acquisition to the effective dates of disposal. Where necessary, the accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the group.

On acquisition, the assets and liabilities and contingent liabilities are measured at the fair values at the date of acquisition. Any excess of the cost of the acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the period of acquisition. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the income statement.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses where applicable to minority interest in excess of the minority interest are allocated against the interests of the parent.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Investment in associates

An associate is an entity over which the group is in a position to exercise significant influence, but not control, through participation in the financial and operating policy decisions. The entity is neither a subsidiary nor an interest in a joint venture.

The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Where available the most recent audited financial statements are used. However, in certain instances unaudited financial statements are used as of the same year-end date of the group, unless it is impracticable to do so in which case financial statements are used that are prepared within a three month period of the group's year-end and adjusted for significant transactions.

Investments in associates are carried in the consolidated balance sheet at cost as adjusted by post-acquisition changes in the group's share of the net assets of the associate, less any impairment in the value of the individual investments. Losses of an associate in excess of the group's interest in that associate are not recognised.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the group determines whether it is necessary to recognise any additional impairment loss with respect to the group's net investment in the associate. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity.

BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment in joint ventures

Joint ventures are those entities over which the group has the ability to exercise joint control in terms of a contractual agreement and the results are incorporated using the equity method of accounting. The group's share of post-acquisition earnings of joint ventures is included in earnings attributable to ordinary shareholders from their effective dates of acquisition.

PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is initially recorded at cost and adjusted for any impairment in value.

Where expenditures incurred on property, plant and equipment will lead to future economic benefits accruing to the group, these costs are capitalised. Repairs and maintenance are expensed as and when incurred.

Depreciation is provided on a straight line basis to write off the cost of the asset, or the revalued amounts, to its residual value over the estimated useful life. The depreciation rates applicable to each category of property, plant and equipment are as follows:

Leasehold improvements	20% per annum
Plant and machinery	10% to 20% per annum
Furniture and equipment	7.5% to 20% per annum
Computer equipment	25% to 33% per annum
Motor vehicles	12.5% to 25% per annum

Depreciation is not provided on freehold land.

The depreciation method, residual value and the useful life of each asset are reviewed at each financial period-end.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Property, plant and equipment purchased under suspensive sale agreements is capitalised and accounted for on the same basis as other assets in the asset class mentioned above. Finance charges on such suspensive sale agreements are accounted for as interest paid using the effective interest rate method.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are initially recognised at cost. Transaction costs are included in the initial measurement. Costs include costs incurred initially and costs incurred subsequently to add to or to replace a part of a property.

Subsequent to initial measurement investment property is measured at fair value. A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases

Finance leases are recognised as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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. Any contingent rents are expensed in the period they are incurred.

IMPAIRMENT

The carrying amounts of the group's assets, other than goodwill and intangible assets having an indefinite life, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its fair value less costs to sell and its value in use. The impairment loss is arrived at by comparing the carrying value to the recoverable amount. Impairment losses are recognised through the income statement.

GOODWILL

Goodwill arising on consolidation represents the excess of the cost of the acquisition over the group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a business at the date of the acquisition. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

Negative goodwill is recognised in the income statement immediately.

For the purpose of impairment testing goodwill is allocated to each of the group's cash generating units. Cash generating units to which goodwill has been allocated are tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit the impairment loss is first allocated to the goodwill allocated to the unit and then to the other assets of the unit pro rata to the carrying amount of each asset.

An impairment loss for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS

Intangible assets comprise computer software acquired and computer software development costs.

Intangible assets are initially recognised if:

- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- The cost of the asset can be measured reliably.

After initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses if any.

Amortisation is provided on a straight line basis so as to write off the cost over the asset's estimated useful life. The intangible assets' residual value is usually nil. The useful life used for this purpose is three to eight years.

INVENTORIES

Inventories are valued at the lower of cost, as defined below, and net realisable value.

Cost is determined on a weighted average basis. Obsolete, redundant and slow-moving stocks are written down where appropriate to net realisable value.

BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS

The group recognises financial instruments when it becomes party to the contractual provisions of the instrument.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. These are measured on initial recognition at fair value.

FINANCIAL ASSETS

The group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The group's accounting policy for each category is as follows:

Fair value through profit or loss

Forward exchange contracts are derivatives which, unless qualifying for hedge accounting, are classified at fair value through profit or loss. The group does not have any other assets that should be classified as held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss. Where derivatives have a positive value they are classified as financial assets and where they have a negative value they are classified as financial liabilities.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary assets. They are carried at amortised cost (being fair value on initial recognition) less any provision for impairment.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Financial assets are derecognised when:

- the contractual rights to the asset expire; or
- where there is a transfer of the contractual rights; or
- where there is a transfer of substantially all the risks and benefits associated with the asset.

FINANCIAL LIABILITIES

The group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The group's accounting policy for each category is as follows:

Fair value through the income statement

Forward exchange contracts are derivatives that are classified as financial liabilities where they have a negative value. They are carried in the balance sheet at fair value with changes in fair value recognised in profit or loss.

Other financial liabilities

Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are recognised at amortised cost.
- Bank borrowings are initially recognised at the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. "Interest expense" in this context includes initial transaction costs.

BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Hedge accounting

The group does not hold or issue derivative instruments for speculative purposes, although derivatives are classified for accounting purposes as at fair value through profit or loss as appropriate. Such derivatives predominantly relate to those used to hedge the foreign exchange exposure on recognised monetary assets and liabilities.

TAXATION

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted at the balance sheet date and any adjustment of tax payable for the previous years.

Deferred tax is provided using the balance sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at balance sheet date. Deferred tax is charged to profit and loss except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effect on deferred tax of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Secondary Tax on Companies (STC) on net dividends paid is recognised as a tax charge in the year it is incurred.

REVENUE

Revenue comprises the net sales value to third parties of all invoices, commissions and rentals, excluding value added tax. Sales within the group are eliminated on consolidation.

Where group companies act as agents and are remunerated on a commission basis, only the commission income, and not the value of the business handled, is included in revenue.

FOREIGN CURRENCIES

Foreign currency transactions

Transactions in foreign currency are recorded at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Gains and losses arising on translation are credited to or charged against income.

The group enters into forward exchange contracts to hedge its risk against changes in exchange rates. Open forward exchange contracts are measured at fair value at year-end. Resulting gains or losses are taken to income.

Financial statements of foreign entities

The financial statements of foreign entities are translated into SA Rands as follows:

- Assets and liabilities are translated at rates of exchange ruling at the financial year-end.
- Income and expenditure and cash flow items are translated at the exchange rates at the date the transaction occurred.

Exchange differences arising from the translation of foreign entities are taken directly to a foreign currency translation reserve.

BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

PROVISIONS

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

EMPLOYEE BENEFITS

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

Employee entitlements to wages, salaries, annual and sick leave represent the amount which the group has a present obligation to pay as a result of employees' services provided to balance sheet date and have been accrued.

Retirement benefits

The company contributes to a provident fund. Contributions are charged against income as incurred.

Equity compensation benefits

The group grants share options to certain employees under an employee share plan. All options were granted prior to 7 November 2002 and the company has elected not to apply IFRS 2 Share Based Payments to these options.

EARNINGS PER ORDINARY SHARE

Earnings per ordinary share are calculated by dividing income attributable to ordinary shares by the weighted average number of ordinary shares in issue.

EXCEPTIONAL ITEMS

Exceptional items as disclosed on the face of the income statement and in note 17 are items that the directors believe are material to the users' appreciation of the financial statements and are therefore disclosed separately. These items are not necessarily distinct from normal activities and may occur on an annual basis.

SIGNIFICANT JUDGEMENTS

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, loans and receivables for impairment at each balance sheet date. In determining whether an impairment for loss should be recorded in the income statement, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Allowance for slow moving, damaged and obsolete inventory

Management has made estimates of the net realisable value on the sale of certain inventory items.

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. These calculations require the use of estimates and assumptions. It is possible that the assumptions may change which may then impact estimations and require a material adjustment to the carrying value of assets.

BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested for impairment on an annual basis. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of 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 the Rand exchange rate, political uncertainty and supplier capacity.

Provisions

Provisions are raised based on management estimates using all relevant information available.

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of investment properties based on the expected manner of realisation, i.e. sale or use. This manner of realisation affects the rate used to determine the deferred tax liability.

NEW ACCOUNTING POLICIES AND INTERPRETATIONS

All new accounting standards, interpretations and amendments to IFRS that were issued prior to September 2007, but not yet effective on that date, were considered by management. The standards that are applicable to the group but that were not implemented early, are the following:

- IFRS 7: Financial instruments' disclosures
- IFRS 8: Operating segments
- IFRIC 10: Interim financial reporting and impairment
- IFRIC 11: Group and treasury share transactions
- IFRIC 12: Service concession agreements
- Amendment to IFRS 4: Insurance contracts pertaining to financial guarantee contracts
- Amendment to IAS 1: Presentation of financial statements pertaining to capital disclosures

The application of the standards and interpretations mentioned above in future financial reporting periods is not expected to have a significant effect on the group's financial results, financial position and cash flow.

BALANCE SHEETS at 30 September 2007

Company			Group	
12 months 2006 R000	12 months 2007 R000		12 months 2007 R000	12 months 2006 R000
		Note		
		ASSETS		
99 499	103 318	Non-current assets	117 363	102 914
25 827	28 271	Property, plant and equipment	63 876	50 721
2 167	2 167	Investment properties	331	331
10 805	10 805	Goodwill	23 721	23 802
24 287	25 529	Intangible assets	25 529	24 287
32 640	32 640	Investment in subsidiary companies	–	–
200	876	Investment in associate companies	876	200
3 573	3 030	Deferred taxation	3 030	3 573
200 056	230 247	Current assets	255 759	211 100
11 042	10 008	– Inventories	10 008	11 042
72 039	111 767	– Accounts receivable	123 052	75 232
–	–	– Taxation	531	75 232
116 975	108 472	– Cash resources	122 168	124 826
299 555	333 565	Total assets	373 122	314 014
		EQUITY AND LIABILITIES		
72 697	80 152	Ordinary shareholders' equity	86 180	71 188
1 046	1 046	Preference shareholders' equity	1 046	1 046
–	–	Outside shareholders' interest	5	3
73 743	81 198	Total shareholders' equity	87 231	72 237
32 567	34 962	Non-current liabilities	50 385	37 071
3 363	3 340	– Loans from subsidiaries	–	–
–	–	– Deferred tax liability	1 729	1 241
26 490	26 035	– Long term loans	43 061	33 116
2 714	5 587	– Operating lease provision	5 595	2 714
193 245	217 405	Current liabilities	235 506	204 706
715	455	– Short term loans	1 954	3 198
20	110	– Operating lease provision	204	20
185 002	209 021	– Accounts payable	225 067	193 853
7 494	7 805	– Taxation	8 267	7 621
14	14	– Preference dividends	14	14
299 555	333 565	Total equity and liabilities	373 122	314 014

INCOME STATEMENTS for the year ended 30 September 2007

Company				Group	
12 months 2006 R000	12 months 2007 R000		Note	12 months 2007 R000	12 months 2006 R000
253 885	298 787	Revenue	15	353 710	269 076
(231 461)	280 845	Net operating expenses		325 651	(243 872)
22 424	17 942	Operating income before exceptional items	16	28 059	25 204
(1 558)	–	Exceptional items	17	–	(1 629)
20 866	17 942	Operating income		28 059	23 575
4 715	4 272	Finance income		4 349	4 725
(19)	(119)	Finance expenses		(408)	(77)
(54)	(55)	Preference dividends paid		(55)	(54)
25 508	22 040	Profit before tax		31 945	28 169
(8 805)	7 405	Tax expense	19	10 026	(9 191)
16 703	14 635	Profit for the year		21 919	18 978
16 703	14 635	Profit attributable to equity holders of the company		21 917	18 975
		Profit attributable to outside shareholders' interest		2	3
		Attributable earnings per share (cents)	20	3.05	2.64
		Diluted earnings per share (cents)	20	3.05	2.64

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2007 *(continued)*

1. PROPERTY, PLANT AND EQUIPMENT – current year

	Land, buildings and leasehold improvements R000	Plant and machinery R000	Motor vehicles R000	Computer equipment R000	Furniture and fittings R000	Total R000
GROUP						
Reconciliation of movement of property, plant and equipment for the year ended 30 September 2007						
Cost						
At beginning of year	10 285	3 364	34 680	24 710	14 169	87 208
Additions	2 270	215	19 147	2 979	2 623	27 234
Disposals	(1 737)	(23)	(2 110)	(6 558)	(1 654)	(12 082)
Revaluation	–	–	–	(4)	(10)	(14)
At end of year	10 818	3 556	51 717	21 127	15 128	102 346
Accumulated depreciation						
At beginning of year	3 139	2 165	5 485	19 560	6 138	36 487
Charge for year	1 042	422	6 066	2 809	1 801	12 140
Disposals	(1 229)	(23)	(903)	(6 503)	(1 488)	(10 146)
Revaluation	–	–	–	(4)	(7)	(11)
At end of year	2 952	2 564	10 648	15 862	6 444	38 470
Net book value 30 September 2007	7 866	992	41 069	5 265	8 684	63 876
The net book value of assets encumbered under instalment sale agreements is R23 775 278 (2006: R12 875 797).						
COMPANY						
Reconciliation of movement of property, plant and equipment for the year ended 30 September 2007						
Cost						
At beginning of year	7 822	3 249	8 437	24 560	13 945	58 013
Additions	2 270	193	3 861	2 890	2 592	11 806
Disposals	(1 737)	(23)	(1 768)	(6 537)	(1 655)	(11 720)
At end of year	8 355	3 419	10 530	20 913	14 882	58 099
Accumulated depreciation						
At beginning of year	2 775	2 127	1 807	19 465	6 012	32 186
Charge for year	916	401	1 742	2 779	1 767	7 605
Disposals	(1 228)	(23)	(739)	(6 483)	(1 490)	(9 963)
At end of year	2 463	2 505	2 810	15 761	6 289	29 828
Net book value 30 September 2007	5 892	914	7 720	5 152	8 593	28 271

The net book value of assets encumbered under instalment sale agreements is R2 019 037 (2006: R2 386 029).

The revaluation in 2007 resulted from the translation of a foreign subsidiary into SA Rand.

Freehold land comprises erven 781 and 782 in Hazeyview-Vakansiedorp in extent 1 740 square metres and erf 342 in St Lucia (Extension Number 2) in extent 1 300 square metres.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2007 (continued)

1. PROPERTY, PLANT AND EQUIPMENT (continued) – prior year

	Land, buildings and leasehold improvements R000	Plant and machinery R000	Motor vehicles R000	Computer equipment R000	Furniture and fittings R000	Total R000
GROUP						
Reconciliation of movement of property, plant and equipment for the year ended 30 September 2006						
Cost						
At beginning of year	3 396	3 050	8 897	23 035	9 169	47 547
Additions	6 443	192	5 599	1 877	5 110	19 221
Acquisition of business	627	72	23 772	77	53	24 601
Disposals	(181)	–	(784)	(293)	(152)	(1 410)
Transfers	–	50	(2 804)	(4)	(44)	(2 802)
Revaluation	–	–	–	18	33	51
At end of year	10 285	3 364	34 680	24 710	14 169	87 208
Accumulated depreciation						
At beginning of year	2 456	1 699	4 544	16 851	5 040	30 590
Acquisition of business	343	31	2 891	23	14	3 302
Charge for year	520	398	1 478	3 032	1 233	6 661
Disposals	(180)	–	(627)	(253)	(116)	(1 176)
Transfers	–	37	(2 801)	(93)	(33)	(2 890)
Revaluation	–	–	–	–	–	–
At end of year	3 139	2 165	5 485	19 560	6 138	36 487
Net book value 30 September 2006	7 146	1 199	29 195	5 150	8 031	50 721
COMPANY						
Reconciliation of movement of property, plant and equipment for the year ended 30 September 2006						
Cost						
At beginning of year	3 396	3 040	7 712	22 979	9 057	46 184
Additions	4 607	165	3 854	1 877	5 083	15 586
Disposals	(181)	–	(784)	(296)	(152)	(1 413)
Transfers	–	44	(2 345)	–	(43)	(2 344)
At end of year	7 822	3 249	8 437	24 560	13 945	58 013
Accumulated depreciation						
At beginning of year	2 456	1 703	4 023	16 802	4 970	29 954
Charge for year	499	394	756	3 022	1 211	5 882
Disposals	(180)	–	(627)	(268)	(138)	(1 213)
Transfers	–	30	(2 345)	(91)	(31)	(2 437)
At end of year	2 775	2 127	1 807	19 465	6 012	32 186
Net book value 30 September 2006	5 047	1 122	6 630	5 095	7 933	25 827

The revaluation in 2006 resulted from the translation of a foreign subsidiary into SA Rand.

Freehold land comprises erven 781 and 782 in Hazeyview-Vakansiedorp in extent 1 740 square metres and erf 342 in St Lucia (Extension Number 2) in extent 1 300 square metres.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2007 *(continued)*

Company			Group	
12 months 2006 R000	12 months 2007 R000		12 months 2007 R000	12 months 2006 R000
		2. INVESTMENT PROPERTIES		
331	2 167	Open market value at beginning of the year	331	331
1 836	–	Additions	–	–
–	–	Revaluation	–	–
2 167	2 167	Open market value at end of the year	331	331
		Investment properties were revalued in September 2004 by Mr TD Cullinan MIV (SA) Registered Valuer, SA Council of Valuers. Offers to purchase have been received for some of the properties. However, all offers received are subject to suspensive conditions such as rezoning and subdivisions. Until such time as the suspensive conditions have been met, the board of directors is of the opinion that the market value has not changed from the previous valuation and therefore no adjustment has been made. Registers containing the information required by the Companies Act are available for inspection at the registered offices of the company and its subsidiaries.		
		3. GOODWILL		
10 805	10 805	Cost at beginning of the year	23 802	11 869
–	–	Additions	–	11 602
–	–	Disposals	–	–
–	–	Impairment	–	–
–	–	Foreign exchange adjustment	(81)	331
10 805	10 805	Cost at end of year	23 721	23 802
		4. INTANGIBLE ASSETS		
22 400	26 021	Cost at beginning of the year	26 021	22 400
3 712	4 701	Additions	4 701	3 712
(91)	(351)	Disposals	(351)	(91)
26 021	30 371	Cost at the end of the year	30 371	26 021
1 074	1 734	Accumulated amortisation	1 734	1 074
661	3 127	Charge for the year	3 127	661
(91)	(19)	Disposals	(19)	(91)
90	–	Transfers	–	90
1 734	4 842	Cost at the end of the year	4 842	1 734
24 287	25 529	Net carrying value	25 529	24 287

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2007 (continued)

Company			Group	
12 months 2006 R000	12 months 2007 R000		12 months 2007 R000	12 months 2006 R000
		5. DEFERRED TAX		
		5.1 Deferred tax asset		
4 193	3 573	Asset at the beginning of the year	3 573	4 193
(834)	–	Movement in assessed losses	–	(834)
214	(543)	Movement in provisions and other timing differences	(543)	214
–	–	Change in tax rate	–	–
3 573	3 030	Asset at the end of the year	3 030	3 573
		Deferred tax asset comprises:		
–	–	Assessed losses	–	–
3 573	3 030	Provisions and other timing differences	3 030	3 573
3 573	3 030		3 030	3 573
		5.2 Deferred tax liability		
–	–	Liability at the beginning of the year:	(1 241)	–
–	–	Liability on acquisition of subsidiary	–	(1 219)
–	–	Movement in provisions and other timing differences	(488)	(22)
–	–	Liability at the end of the year	(1 729)	(1 241)
		Deferred tax liability comprises:		
–	–	Provisions not deductible	259	73
–	–	Property, plant and equipment	(1 988)	(1 314)
–	–		(1 729)	(1 241)
		6. INVENTORIES		
11 370	10 420	Merchandise	10 420	11 458
(434)	(662)	Provision for obsolescence	(662)	(522)
10 936	9 758		9 758	10 936
106	250	Consumables	250	106
11 042	10 008		10 008	11 042
		7. ACCOUNTS RECEIVABLE		
54 546	86 280	Trade receivables	102 674	61 088
5 737	5 792	Group receivables	–	–
1 199	1 856	Amounts owing by associates	1 856	1 199
1 997	5 773	Payments in advance	5 773	2 008
8 560	12 065	Other	12 749	10 937
72 039	111 766		123 052	75 232
		8. PREFERENCE SHARE CAPITAL		
1 000	1 000	Share capital (note 9)	1 000	1 000
46	46	Share premium	46	46
1 046	1 046		1 046	1 046
		The cumulative preference shareholders are entitled to the preference share premium of 10 cents per share only in the event of a winding up.		

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2007 (continued)

Company			Group	
12 months 2006 R000	12 months 2007 R000		12 months 2007 R000	12 months 2006 R000
		9. SHARE CAPITAL		
		<i>Authorised</i>		
		Ordinary share capital		
34 124	34 124	3 412 375 874 ordinary shares of 1 cent each	34 124	34 124
		Preference share capital		
1 000	1 000	500 000 5.5% cumulative preference shares of R2 each	1 000	1 000
4	4	42 604 574 redeemable preference shares of 0.01 cent each	4	4
1	1	100 000 variable rate redeemable cumulative preference shares of 1 cent each	1	1
8 500	8 500	100 000 convertible variable rate cumulative redeemable preference shares of R85 each	8 500	8 500
–		25 000 cumulative redeemable convertible preference shares of 1 cent each		–
9 505	9 505		9 505	9 505
		<i>Issued</i>		
		Ordinary share capital		
7 183	7 184	718 355 204 (2006: 718 271 871) ordinary shares of 1cent each	7 184	7 183
1 000	1 000	Preference share capital 500 000 5.5% cumulative preference shares of R2 each	1 000	1 000
		<i>Unissued ordinary shares</i>		
		(a) 57 123 334 ordinary shares of 1 cent each (2006: 57 039 983 ordinary shares of 1 cent each) remain reserved for issue and allotment to participants in terms of the Cullinan Holdings Limited Employees' Share Purchase and Option Scheme.		
		(b) 2 694 020 670 ordinary shares of 1 cent each are under the control of the directors until the next annual general meeting of the company.		
		10. SHARE CAPITAL REDUCTION RESERVE FUND		
		In terms of section 84 of the Companies Act, an Order of Court was made in 1997 to reduce the issued ordinary share capital of the company. The existing shares were reduced from ordinary shares with a par value of 50 cents each to ordinary shares with a par value of 1 cent each. The remaining capital of 49 cents per share was transferred to a non-distributable reserve to be treated as share premium. No distribution to shareholders resulted from this reduction in share capital		
20 876	20 876		20 876	20 876

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2007 (continued)

Company			Group	
12 months 2006 R000	12 months 2007 R000		12 months 2007 R000	12 months 2006 R000
		11. CAPITAL REDEMPTION RESERVE FUND		
		The capital redemption reserve fund was created on 1 June 1998 as a result of the redemption of 42 604 574 redeemable preference shares of 0,01 cent each		
4	4		4	4
		12. RESERVES		
		12.1 Foreign currency translation reserve		
		The foreign currency translation reserve reflects the differences on the translation of a foreign subsidiary into the reporting currency		
–	–		(1 063)	(1 318)
		13. ACCOUNTS PAYABLE		
		Trade creditors	204 748	178 947
171 466	191 126	Accruals	20 319	14 906
13 536	17 895			
185 002	209 021		225 067	193 853
		14. LOANS		
		– Term loan	25 000	25 000
25 000	25 000	– Financial lease obligations	20 015	11 314
2 205	1 490			
27 205	26 490		45 015	36 314
		Long-term portion		
		– Term loan	25 000	25 000
25 000	25 000	– Financial lease obligations	18 061	8 116
1 490	1 035			
26 490	26 035		43 061	33 116
		Short-term portion		
		– Term loan	–	–
–	–	– Financial lease obligations	1 954	3 198
715	455			
715	455		1 954	3 198

The term loan is a revolving facility of R25.0 million with the Standard Bank of South Africa Limited and must be repaid by September 2009. The loan bears interest at prime. The financial lease obligations relate to instalment sale agreements with local banks for the purpose of financing new vehicles. The loans are repayable over five years and bear interest at prime less 2.1%. The vehicles financed by these loans are encumbered until full repayment of the loan.

14.1 The operating lease provision relates to the smoothing of operating leases over the term of the leases.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2007

Company			Group	
12 months 2006 R000	12 months 2007 R000		12 months 2007 R000	12 months 2006 R000
		15. REVENUE		
		Comprises:		
230 362	270 975	Commissions	325 898	245 553
23 523	27 812	Sale of goods	27 812	23 523
253 885	298 787		353 710	269 076
		Other revenue items:		
4 715	4 272	Finance income	4 349	4 725
258 600	303 059		358 059	273 801
		16. OPERATING INCOME BEFORE EXCEPTIONAL ITEMS		
253 885	298 787	Revenue	353 710	269 076
(15 581)	(19 247)	Cost of sales	(42 455)	(19 064)
(138 985)	(165 196)	Sales and marketing expenses	(167 751)	(140 426)
(65 175)	(82 516)	Administration expenses	(85 778)	(67 292)
(11 720)	(13 886)	Operating expenses	(29 667)	(17 090)
22 424	17 942	Operating income before exceptional items	28 059	25 204
		Disclosable items included in operating income before exceptional items:		
		Auditors' remuneration		
866	903	Audit fees	1 119	899
-	12	Other fees	12	79
-	-	Expenses		9
866	915		1 131	987
		Depreciation		
499	916	Buildings and leasehold improvements	1 042	520
6 044	9 816	Plant, vehicles and equipment	14 225	6 802
6 543	10 732		15 267	7 322
(131)	1 388	(Profit)/loss on disposal of assets	1 406	(93)
		Rentals in respect of operating leases		
15 475	20 775	Land and buildings	21 605	15 758
984	896	Plant, vehicles and equipment	1 032	1 173
16 459				16 931
		Services rendered to third parties		
436	796	Management fees	-	-
-	-	Technical fees	2	8
436	796		2	8
(163)	112	Foreign exchange gains/(losses)	112	(163)
119 224	139 563	Staff costs	147 004	122 066
		17. EXCEPTIONAL ITEMS		
71	-	Other	-	-
(1 629)	-	Acquisition costs	-	(1 629)
(1 558)	-		-	(1 629)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2007 (continued)

18. DIRECTORS' EMOLUMENTS

Executive directors

RAND	AN Viljoen	LA Pampallis	QA Southey	AA Thompson	Total
2006					
Fees for services as a director	–	–	–	–	–
Management fees	–	–	–	–	–
Basic salary	–	1 224 494	826 131	1 375 527	3 426 152
Bonuses and performance-related payments	–	209 960	–	223 530	433 490
Benefits	–	76 983	13 832	25 677	116 492
Retirement fund contributions	–	55 116	–	35 754	90 870
	–	1 566 553	839 963	1 660 488	4 067 004

2007

Fees for services as a director	–	–	–	–	–
Management fees	1 572 000	–	–	–	1 572 000
Basic salary	–	1 304 440	–	1 489 883	2 794 323
Bonuses and performance-related payments	–	–	–	–	–
Benefits	–	124 158	–	24 285	148 443
Retirement fund contributions	–	58 867	–	42 018	100 885
	1 572 000	1 487 465	–	1 556 186	4 615 651

Non-executive directors

RAND	M Tollman	MR Bagus	Total
2006			
Fees for services as a director	–	40 000	40 000
Basic salary	–	–	–
Bonuses and performance-related payments	–	–	–
Benefits	–	–	–
	–	40 000	40 000

2007

Fees for services as a director	30 000	–	30 000
Basic salary	–	–	–
Bonuses and performance-related payments	–	–	–
Benefits	–	–	–
	30 000	–	30 000

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2007 (continued)

Company			Group	
12 months	12 months		12 months	12 months
2006	2007		2007	2006
R000	R000		R000	R000
		19. TAXATION		
7 494	7 805	Current South African normal taxation	9 938	7 862
–	(1 848)	– Prior year	(1 848)	–
406	(1 305)	Deferred taxation	(817)	424
–	1 848	– Prior year	1 848	–
905	905	Secondary Taxation on Companies	905	905
8 805	7 405		10 026	9 191
%	%		%	%
29.0	29.0	The rate of taxation is reconciled as follows:		
2.0	0.4	Standard corporate taxation rate	29.0	29.0
3.5	4.1	Disallowable expenditure	0.3	1.8
–	–	Secondary Taxation on Companies	2.8	3.2
34.5	33.5	Other	(0.7)	(1.4)
		Effective rate	31.4	32.6
		20. EARNINGS PER ORDINARY SHARE		
		Reconciliation between attributable earnings and headline earnings		
		Earnings attributable to ordinary shareholders (Profits)/losses on disposal of property, plant and equipment	21 917	18 975
		Total tax effect of the adjustment	1 406	(93)
		Total minority interest of the adjustment	(408)	27
			–	–
		Headline earnings	22 915	18 909
		The calculation of attributable earnings per ordinary share, diluted earnings per ordinary share and headline earnings per ordinary share is based on the weighted average number of shares in issue during the year of 718 355 204 (2006: 718 271 871).		
		Attributable earnings per share (cents)	3.05	2.64
		Diluted earnings per share (cents)	3.05	2.64
		Headline earnings per share (cents)	3.19	2.64
		Diluted headline earnings per share (cents)	3.19	2.64
		A dividend of 1 cent per share was declared during the year.		
		21. NOTES TO THE CASH FLOW STATEMENT		
		21.1 Cash generated/(utilised) by operations		
20 866	17 942	Operating income	28 059	23 575
–	–	Adjustments for:		
–	–	– Revaluation of goodwill	81	(331)
6 543	10 732	– Revaluation of property, plant and equipment	3	–
(131)	1 388	– Depreciation	15 267	7 322
–	2 963	– (Profit)/Loss on disposal of fixed assets	1 406	(95)
–	–	– Operating lease provision	3 065	–
		– Translation of foreign operation	255	(1 373)
27 278	33 025	Cash generated before working capital changes	48 136	29 098
(833)	1 034	Decrease/(Increase) in inventories	1 034	(833)
(8 357)	(39 727)	Decrease/(Increase) in accounts receivable	(47 820)	(8 141)
26 831	24 019	(Decrease)/Increase in accounts payable/provisions	31 214	26 536
44 929	18 351	Cash generated by operations	32 564	46 660

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2007 (continued)

Company			Group	
12 months 2006 R000	12 months 2007 R000		12 months 2007 R000	12 months 2006 R000
		21. NOTES TO THE CASH FLOW STATEMENT (continued)		
		21.2 Preference dividends paid		
(15)	(14)	Amount outstanding at beginning of period	(14)	(15)
(54)	(55)	Income statement charge	(55)	(54)
14	14	Amount outstanding at end of period	14	14
(55)	(55)	Preference dividend paid	(55)	(55)
		21.3 Taxation paid		
(2)	(7 494)	Amount outstanding at beginning of period	(7 621)	(2)
(8 399)	(6 862)	Income statement charge	(8 995)	(8 767)
–	–	Acquisition of subsidiary	–	(559)
7 494	7 805	Amount outstanding at end of period	7 737	7 621
(907)	(6 551)	Taxation paid	(8 879)	(1 707)
–	(5 646)	Normal taxation	(7 974)	(800)
(907)	(905)	Secondary Taxation on Companies	(905)	(907)
		21.4 Amount (paid)/received on acquisition of subsidiary		
–	–	Property, plant and equipment	–	21 299
–	–	Accounts receivable	–	4 340
–	–	Cash on hand and in bank	–	1 050
–	–	Fixed asset revaluation	–	(65)
–	–	Deferred tax liability	–	(1 219)
–	–	Long term loans	–	(2 075)
–	–	Short term loans	–	(1 232)
–	–	Accounts payable	–	(1 044)
–	–	Provisions	–	(78)
–	–	Receiver of Revenue	–	(559)
–	–	Net asset value	–	20 417
–	–	Goodwill on acquisition	–	11 602
(32 019)	–	Payment of acquisition price	–	(32 019)
–	–	Cash acquired	–	1 050
(32 019)	–	Net cash (outflow) on acquisition	–	(30 969)
116 975	108 472	21.5 Cash	122 168	124 826
		Cash on call		
		22. COMMITMENTS AND GUARANTEES		
		22.1 Commitments in respect of capital expenditure		
2 882	2 685	Contracted	2 685	3 124
–	–	Authorised by the directors but not contracted	–	–
		These commitments will be settled with cash generated from normal operating activities.		
2 882	2 685		2 685	3 124

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2007 (continued)

Company			Group	
12 months 2006 R000	12 months 2007 R000		12 months 2007 R000	12 months 2006 R000
		22. COMMITMENTS AND GUARANTEES (continued)		
		22.2 Operating lease commitments		
16 126	16 754	Within 1 year	17 798	16 600
50 541	60 236	2 – 5 years	60 323	51 106
51 691	45 116	> 5 years	45 116	51 691
		22.3 Guarantees		
8 196	8 000	Bank guarantees in favour of creditors The group provides guarantees to airlines, customs, parks boards and other suppliers.	8 000	8 196
		23. GROUP RETIREMENT BENEFITS		
		It is the Cullinan group's policy to provide retirement benefits for certain employees by payments to an independently managed provident fund. The fund, governed by the Pension Funds Act of 1956, incorporates retirement benefits, disability benefits and life cover. Contributions to the fund are charged against profits as they are incurred.		
		In 1999, the company 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 the company has co-operated fully in this regard and will continue to do so.		
		No provision has been made other than for legal costs to date. No claim has been made against the company and the amount of any potential claim cannot be estimated with certainty. A claim in this regard will be opposed.		
		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 the company, an indemnity was given to the company 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 the company. The new controlling shareholder, who had no previous interest in the company or involvement with the pension funds, secured the 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 the company.		
2 406	2 973	Contributions recognised as an expense during the year	3 002	2 427

24. FINANCIAL INSTRUMENTS

24.1 Foreign currency management

The group is exposed to foreign currency risk through its transactions in foreign currencies. The group manages this through contracting to buy or sell foreign currencies at forward rates which it believes will hedge its risk arising from changes in foreign currency exchange rates. Details of hedged and unhedged exposures are as follows:

24.1.1 Foreign currency assets and liabilities at year-end

Included in the group balance sheet at year-end are the following monetary assets and liabilities denoted in foreign currency:

	GBP ('000)	MUR ('000)	USD ('000)	HKD ('000)	Euro ('000)	AUD ('000)	THB ('000)	JPY ('000)	MYR ('000)	SGD ('000)	NZD ('000)	BWP ('000)	CAD ('000)	NMD ('000)
Accounts receivable	1	18	940	-	151	6	-	-	-	2 466	-	3	-	-
Accounts payable	(230)	(42 995)	(5 693)	(1 536)	(1 723)	(683)	4 181	(5 556)	(608)	(2 856)	(16)	(207)	(6)	(2)
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash balances	205	37 900	5 077	-	1 484	-	-	-	-	424	-	-	-	-
Net foreign currency assets/(liabilities) before forward exchange contracts	(24)	(5 077)	324	(1 536)	(88)	(677)	4 181	(5 556)	(608)	34	(16)	(204)	(6)	(2)

24.1.2 Open forward exchange contracts at year-end

To compensate for the above unhedged foreign currency position, the following forward exchange contracts are open at year-end:

	GBP ('000)	MUR ('000)	USD ('000)	HKD ('000)	Euro ('000)	AUD ('000)	THB ('000)	JPY ('000)	MYR ('000)	SGD ('000)	NZD ('000)	BWP ('000)	CAD ('000)	NMD ('000)
Contracts to buy	76	-	83	800	381	450	-	5 488	-	70	-	-	-	-
Contracts to sell	-	-	(4 190)	-	-	-	-	-	-	(650)	-	-	-	-
Net commitment	76	-	(4 107)	800	381	450	-	5 488	-	(580)	-	-	-	-

	GBP ('000)	MUR ('000)	USD ('000)	HKD ('000)	Euro ('000)	AUD ('000)	THB ('000)	JPY ('000)	MYR ('000)	SGD ('000)	NZD ('000)	BWP ('000)	CAD ('000)	NMD ('000)
Maturity date range														
from	5/10/07	-	12/10/07	29/10/07	5/10/07	27/10/07	-	25/10/07	-	27/10/07	-	-	-	-
to	27/06/08	-	28/07/08	27/11/07	11/09/08	27/11/07	-	27/11/07	-	27/11/07	-	-	-	-
Maturity rate range														
from	14.47	-	6.93	1.09	9.64	6.12	-	15.55	-	4.74	-	-	-	-
to	14.86	-	7.67	1.09	10.64	6.15	-	15.75	-	4.78	-	-	-	-

24.1.3 (Unhedged)/Overcommitted foreign currency position at year-end

	GBP ('000)	MUR ('000)	USD ('000)	HKD ('000)	Euro ('000)	AUD ('000)	THB ('000)	JPY ('000)	MYR ('000)	SGD ('000)	NZD ('000)	BWP ('000)	CAD ('000)	NMD ('000)
	52	(5 077)	(4 431)	(736)	293	(227)	4 181	(68)	(608)	(546)	(16)	(204)	(6)	(2)

* For currency key, please refer to page 42

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2007 *(continued)*

24. FINANCIAL INSTRUMENTS (continued)

24.1 Foreign currency management (continued)

Currency key:

GBP	British Pound Sterling
MUR	Mauritian Rupees
USD	United States Dollar
HKD	Hong Kong Dollar
Euro	European Union Euro
AUD	Australian Dollar
THB	Thailand Baht
JPY	Japanese Yen
MYR	Malaysian Ringgitt
SGD	Singapore Dollar
NZD	New Zealand Dollar
BWP	Botswana Pula
CAD	Canadian Dollar
NMD	Namibian Dollar

24.2 Interest rate risk

The group is exposed to interest rate fluctuations on its bank balances. The group has not entered into any derivative contracts to limit this exposure.

24.3 Credit risk

The group is exposed to credit risk through its investments in accounts receivable and cash resources. The group manages this risk through adopting, where applicable, comprehensive credit checks, continual credit limit reviews, and obtains security for any amounts advanced by way of loans, where this is considered necessary.

The group's credit exposure can be analysed as follows:

	Group R000	Company R000
Industry		
Tourism and Leisure	119 446	108 160
Other	3 606	3 606
	123 052	111 766
Location		
Singapore	11 129	–
South Africa	111 923	111 766
	123 052	111 766

24.4 Liquidity risk

The group manages its exposure to liquidity risk by monitoring actual against approved forecast cash flows and ensuring that adequate provision is made to fund future cash flow requirements. As at the year-end, the directors believed that sufficient funds were available to meet these requirements.

24.5 Fair value of financial instruments

The carrying values of financial instruments on the face of the balance sheet and in the notes accurately represent their fair values.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2007 *(continued)*

25. SEGMENTAL ANALYSIS

Definitions

1. Segment assets

Segment assets comprise property, plant and equipment, investment properties, goodwill, intangible assets, inventories, receivables and cash and cash equivalents, and exclude investments and deferred tax assets.

2. Segment liabilities

Segment liabilities comprise accounts payable and provisions and exclude items such as tax liabilities, shareholders for dividends, and redeemable preference shares.

3. Capital expenditure

Capital expenditure comprises additions to property, plant and equipment, investment properties, goodwill and intangible assets.

Business segment analysis

The group is organised into two main business segments:

- Travel and tourism
- Yachting and diving accessories (Manex)

	30 September 2007		
	Travel and Tourism R000	Yachting and Diving R000	Total R000
Revenue	325 898	27 812	353 710
Operating profit/loss			
Result	27 661	398	28 059
Other information			
Assets	357 358	11 858	369 216
Liabilities	280 789	5 102	285 891
Capital expenditure			
– Property, plant and equipment	26 978	256	27 234
– Intangible assets	4 701	–	4 701
Depreciation	15 053	214	15 267

	30 September 2006		
	Travel and Tourism R000	Yachting and Diving R000	Total R000
Revenue	245 552	23 524	269 076
Operating profit/loss			
Result	25 522	(318)	25 204
Other information			
Assets	298 184	12 057	310 241
Liabilities	236 936	4 841	241 777
Capital expenditure			
– Property, plant and equipment	19 058	163	19 221
– Intangible assets	3 706	6	3 712
Depreciation	7 103	219	7 322

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2007 *(continued)*

26. RELATED PARTIES

26.1 Identity of related parties

An analysis of the shareholding as at 30 September 2007 is presented on pages 2 and 3.

The subsidiaries of the group are identified on pages 42 and 43.

The directors are listed in the Directors' report on page 15.

The associate companies and joint venture partners of the group are identified on page 44.

The group's head offices and the Thompsons Johannesburg operation in Rosebank are leased from Motolla Property Investments (Pty) Limited, an entity to which one of the group's shareholders, Travcorp Financial Services Limited, is a related party.

26.2 Material related party transactions

Directors' emoluments – see note 18

Dividends (paid)/received – see note 20

Rentals paid to Motolla Property Investments (Pty) Limited amounted to R4 462 869.

26.2.1 Transactions with related parties in the group

Management fees amounting to R744 060 were charged by Cullinan Holdings Limited to Thompsons Indaba Safaris KZN (Pty) Limited during the year.

27. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 September 2007 except as noted in note 23.

28. INTEREST IN SUBSIDIARIES (continued)

Indirectly held	Amount of capital	Percentage held indirectly by holding company		Amounts owing by/(to) subsidiaries	
		2007	2006	2007	2006
		%	%	R000	R000
Danse Kraal Investments (Pty) Limited	R200	85	85	-	-
Illovo Investments (Pty) Limited	R202	94	94	-	-

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2007 *(continued)*

29. INVESTMENT IN ASSOCIATE COMPANIES AND JOINT VENTURE

29.1 Associate companies

	Percentage held directly by Holding Company		Profit share from associates	
	2007	2006	2007	2006
Zambian Touring Company (Pvt) Limited (Incorporated in Zambia)	45%	45%	682	200
Paddle Safaris (Pvt) Limited (Incorporated in Botswana)	50%	0%	194	0
			876	200

29.2 Joint venture

The company has a 50/50 Joint Venture with Wilderness Safaris Zimbabwe but has not accounted for any profit in this joint venture.

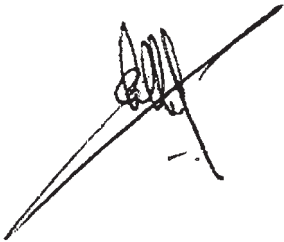
NOTICE OF MEETING

Notice is hereby given that the 103rd annual general meeting of members of the company will be held at Thompsons Tours Head Office, Second Floor, The Travel House, 6 Hood Avenue, Rosebank, on Tuesday, 26 February 2008 at 09h00 for the purposes of considering and, if deemed fit, passing with or without modification, the ordinary resolutions set out below:

ORDINARY RESOLUTIONS

1. To receive the annual financial statements for the year ended 30 September 2007, including the directors' report and the report of the auditors thereon.
2. To re-elect directors:
 - 2.1 To re-elect MA Ness who retires in accordance with the company's Articles of Association, and being eligible, offers himself for re-election.
 - 2.2 To re-elect DD Hosking who retires in accordance with the company's Articles of Association, and being eligible, offers himself for re-election.
3. To place the unissued shares under the control of the directors.
4. To re-appoint BDO Spencer Steward Inc (Jhb) as auditors of the company.
5. To authorise the directors to approve the auditors' remuneration.

By order of the board



QA Southey
Group Secretary

6 December 2006

CULLINAN HOLDINGS LIMITED

PROXY FORM

(Incorporated in the Republic of South Africa)

(Registration number 1902/001808/06)

A certificated or own name dematerialised Cullinan shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy, or proxies, to attend, speak and vote thereat in his/her stead. A proxy need not be a shareholder of the company. All forms of proxy must be lodged with the transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited (Ground Floor, 70 Marshall Street, Johannesburg 2001 or PO Box 61051, Marshalltown 2107) or with the company (2nd Floor, The Travel House, 6 Hood Avenue, Rosebank or P.O.Box 41032, Craighall, 2024), by not later than 24 hours before the time for the holding of the meeting.

In terms of the custody agreements entered into by dematerialised shareholders and their CSDP's or brokers – dematerialised shareholders, other than own-name dematerialised shareholders, that wish to attend the general meeting, must instruct their CSDP or broker to issue them with the necessary authority to attend the general meeting;

– dematerialised shareholders, other than own-name dematerialised shareholders, that wish to be represented at the general meeting by way of proxy, must provide their CSDP or broker with their voting instructions by the cut-off time or date advised by their CSDP or broker for transactions of this nature.

I/We

(NAME IN BLOCK CAPITALS)

being a member(s) of Cullinan Holdings Limited hereby appoint

of

or failing him,

of

or failing him,

the chairman of the meeting as my/our proxy to attend, speak and vote for me/us on my/our behalf at the annual general meeting of the company, to be held on 26 February 2008 at 09h00 and at any adjournment thereof, as indicated below:

Ordinary Resolutions	In favour of*	Against*	Abstain*
1. Adopt annual financial statements			
2. Re-election of directors: 2.1 To re-elect MA Ness who retires in accordance with the company's Articles of Association and offers himself for re-election			
2.2 To re-elect DD Hosking who retires in accordance with the company's Articles of Association and offers himself for re-election			
3. Place the unissued shares under the control of the directors			
4. Re-appoint BDO Spencer Steward Inc (Jhb) as auditors of the company			
5. Authority to authorise the directors to approve the auditors' remuneration			

**Indicate your instructions to proxy by way of a cross in the spaces provided above. Unless otherwise instructed, the proxy may vote as he/she deems fit.*

Signed at

on

2008

Signature

Assisted by (if applicable)

Capacity

NOTE: Please read the notes on the reverse side of this form of proxy

CULLINAN HOLDINGS LIMITED

PROXY FORM

NOTES:

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chairman of the general meeting", but any such deletion must be initialled by the member. The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he/ she deems fit in respect of all the member's votes exercisable thereat. A shareholder or his/ her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
3. Forms of proxy must be lodged with or posted to the transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107) or to the company, Second Floor, The Travel House, 6 Hood Avenue, Rosebank (PO Box 41032, Craighall, 2024) so as to be received by not later than 24 hours before the time for the holding of the meeting.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries or waived by the chairman of the general meeting.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/(ies).
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the company.
8. The chairman of the general meeting may accept any form of proxy which is completed other than in accordance with these notes if the chairman of the general meeting is satisfied as to the manner in which the shareholder wishes to vote.
9. The date must be filled in on this form of proxy when it is signed.



CULLINAN HOLDINGS



SOUTH AFRICA • ZIMBABWE • ZAMBIA
NAMIBIA • BOTSWANA • MOZAMBIQUE



MAXEX & POWER MARINE





**CULLINAN
HOLDINGS**



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