



Curro Holdings Limited
Incorporated in the Republic of South Africa
Registration Number 1998/025801/06
JSE Share Code: COH ISIN: ZAE000156253
("Curro" or "the Company" or "the Group")

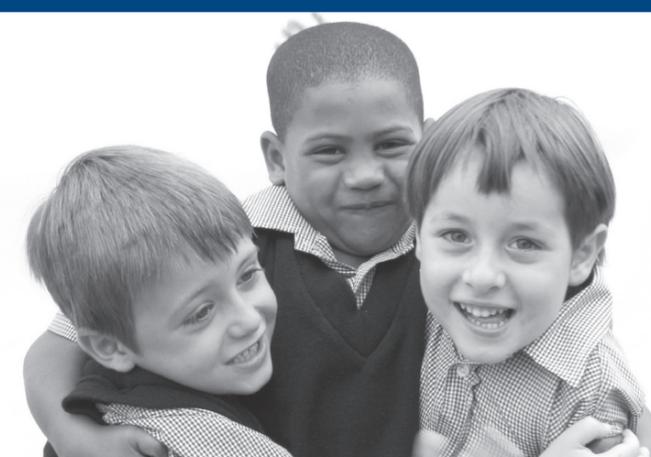
CURRO HOLDINGS LTD

REVIEWED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

Revenue
↑ 114%

EBITDA
↑ 410%

Learners
↑ 124%



Condensed consolidated statement of comprehensive income

	Reviewed 31 December 2012 R'000	Audited 31 December 2011 R'000
Revenue	355 886	166 298
Other income	9 863	4 036
Operating expenses	(312 269)	(159 853)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	53 480	10 481
– Schools	78 870	26 558
– Head office	(25 390)	(16 077)
Depreciation and amortisation	(18 113)	(6 704)
Earnings before interest and taxation (EBIT)	35 367	3 777
Investment revenue	1 501	1 437
Finance costs	(16 618)	(14 385)
Profit/(loss) before taxation	20 250	(9 171)
Taxation	(5 573)	1 767
Profit/(loss) for the year	14 677	(7 404)
Other comprehensive income	–	–
Total comprehensive income/(loss)	14 677	(7 404)
Profit/(loss) attributable to:		
Owners of the parent	15 104	(7 404)
Non-controlling interest	(427)	–
	14 677	(7 404)
EBITDA margin	15%	6%
Earnings/(loss) per share (cents)		
– Basic	7,1	(5,4)
– Diluted	7,0	(5,5)
Reconciliation of headline earnings/(loss)		
Earnings/(loss) attributable to owners of the parent	15 104	(7 404)
Adjusted for:		
Profit on disposal of property, plant and equipment	(125)	(105)
Tax effect thereon	35	29
Headline earnings/(loss)	15 014	(7 480)
Headline earnings/(loss) per share (cents)		
– Basic	7,0	(5,4)
– Diluted	7,0	(5,4)
Number of shares (millions)		
– Basic number of shares in issue	240,4	161,2
– Diluted number of shares in issue	245,7	165,5
Weighted average number of shares (millions)		
– Basic weighted average number of shares in issue	213,0	137,0
– Diluted weighted average number of shares in issue	215,5	138,0

Condensed consolidated statement of cash flows

	Reviewed 31 December 2012 R'000	Audited 31 December 2011 R'000
Net cash generated from operating activities	57 240	11 494
Net cash utilised in investing activities	(726 981)	(327 719)
Net cash from financing activities	614 868	325 146
Cash and cash equivalents movement for the year	(54 873)	8 921
Cash and cash equivalents at beginning of the year	9 837	916
Cash and cash equivalents at end of the year*	(45 036)	9 837
* Consists of:		
– Cash and cash equivalents	29 504	9 837
– Bank overdraft	(74 540)	–

Condensed consolidated statement of financial position

	Reviewed 31 December 2012 R'000	Audited 31 December 2011 R'000
ASSETS		
Non-current assets	1 426 177	574 661
Property, plant and equipment	1 209 758	529 938
Goodwill	148 861	39 283
Intangible assets	67 558	5 440
Current assets	57 519	22 751
Current tax receivable	1 288	78
Trade and other receivables	26 727	12 836
Cash and cash equivalents	29 504	9 837
Total assets	1 483 696	597 412
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to equity holders of parent	861 211	369 774
Share capital	843 710	369 788
Share-based payment reserve	4 065	720
Retained income/(accumulated loss)	13 436	(734)
Non-controlling interest	507	–
Total equity	861 718	369 774
LIABILITIES		
Non-current liabilities	323 861	132 609
Loans and other financial liabilities	239 228	122 416
Deferred tax	84 633	10 193
Current liabilities	298 117	95 029
Loans from related parties	5 033	38 686
Loans and other financial liabilities	122 290	12 298
Current tax payable	1 912	882
Trade and other payables	21 282	21 649
Prepaid school fees and deposits	36 400	21 514
Acquisition payables	36 660	–
Bank overdraft	74 540	–
Total liabilities	621 978	227 638
Total equity and liabilities	1 483 696	597 412

Condensed consolidated statement of changes in equity

	Reviewed 31 December 2012 R'000	Audited 31 December 2011 R'000
Balance at the beginning of the year	369 774	57 689
Total comprehensive income/(loss) for the year	14 677	(7 404)
Issue of shares	475 632	322 543
Share issue costs	(1 710)	(3 774)
Recognition of share-based payment reserve	3 345	720
Balance at the end of the year	861 718	369 774

Notes to the financial statements

1. Statement of compliance
The condensed consolidated financial information has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the information as required by IAS 34: Interim Financial Reporting and the requirements of the Companies Act of South Africa, as amended. The report has been prepared using accounting policies that comply with IFRS which are consistent with those applied in the financial statements for the year ended 31 December 2011. The condensed consolidated financial information was prepared under the supervision of the chief financial officer, B van der Linde, CA(SA).

This condensed consolidated annual financial statements were approved by the board of directors on 21 February 2013.

2. Review conclusion

The condensed consolidated financial information for the year ended 31 December 2012 has been independently reviewed by the Group's auditors, Deloitte & Touche. The review was conducted in accordance with ISRE 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A copy of their unmodified review conclusion is available for inspection at the Company's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the Company's auditors.

The auditor's report does not necessarily cover all of the information contained in this announcement/financial report. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the registered office of the Company.

3. Basis of preparation

The condensed consolidated statements are prepared in thousands of South African rand (R'000).

4. Accounting policies

The accounting policies adopted in the preparation of the condensed consolidated financial information are consistent with those of the annual financial statements for the year ended 31 December 2011. For a full list of standards and interpretations which have been adopted, we refer you to our 31 December 2011 annual financial statements.

5. Issued capital

Effective 2 July 2012, 79,2 million shares were issued through a 0,36 to 1 rights issue and a specific issue of 21,4 million shares at R6,00 per share.

6. Operating segments

Due to all of the services being education-related and within South Africa, the Group has only one reportable segment. All historical information presented represents the financial information of this single segment.

7. Business combinations

	Reviewed 31 December 2012 R'000	Audited 31 December 2011 R'000
Fair value of assets acquired	321 959	73 321
Purchase price	321 959	73 321
Property, plant and equipment	242 651	59 782
Intangible assets	62 971	4 399
Trade and other receivables	2 615	5 849
Cash and cash equivalents	20 483	5 743
Loans and other financial liabilities	(24 989)	(11 360)
Deferred tax	(74 383)	(15 587)
Trade and other payables	(16 957)	(6 580)
Goodwill	109 568	31 075

8. Events after the reporting period

Effective April 2013, Curro through its 65% subsidiary Campus and Property Management Company (Pty) Ltd will acquire the business operations and properties of Northern Academy for a cash consideration of R150 million.

Learner numbers

Schools operating	2011	change %	2012	change %	2013*
2009	2 581	7	2 773	7	2 955
2010	969	118	2 109	31	2 761
2011	2 007	28	2 578	26	3 240
2012			5 013	6	5 309
2013					6 575
	5 557	124	12 473	67	20 840

Other key ratios

	2011	2012	2013*
Number of campuses	12	22	26
Learners per campus	463	567	802
Staff	654	1 630	2 257
Educators	446	1 151	1 522
Learner/teacher ratio	12	11	14
Building size (m ²)	75 000	169 024	185 024
Land size (ha)	107	153	159
Capital investment (Rm)	328	782	–
– Current campuses	80	223	–
– New campuses	175	237	–
– Acquisitions	73	322	–

The table below illustrates the J-curve effect from newly established schools to more mature schools.

Year ended 31 December 2011

	% of eventual capacity	Learner numbers	EBITDA**	EBITDA margin
1	75 – 100	1 175	9 228	26%
3	50 – 75	2 461	17 871	23%
4	25 – 50	1 269	4 305	11%
4	0 – 25	652	(4 846)	(29%)
12		5 557	26 558	16%

Year ended 31 December 2012

	% of eventual capacity	Learner numbers	EBITDA**	EBITDA margin
5	75 – 100	4 160	41 630	36%
6	50 – 75	3 890	33 964	27%
5	25 – 50	2 728	9 999	15%
6	0 – 25	1 695	(6 723)	(18%)
22		12 473	78 870	23%

Notes:

* As at 12 February 2013

** EBITDA at school level (excluding head office costs and enrolment fees for new schools)

Commentary

Overview

Curro listed on the AltX just more than 18 months ago. On listing, the Company had 5 557 learners in 12 schools. In the pre-listing statement the Company envisaged that by the end of 2013 it would have 17 schools with 9 594 learners. To date the Group has grown to 26 schools and 20 840 learners across seven provinces.

This growth can be attributed to:

- the significant demand for quality private schools at affordable school fees;
- the aggressive expansion of Curro schools across the various brands being Curro (traditional), Meridian, Select and Curro Castles (nursery schools);
- the belief in the product and support of shareholders that have since listing contributed almost R800 million in equity to pursue this accelerated vision; and
- the partnership between Curro and OMIGSA whereby the Meridian model will be rapidly expanded with R440 million in funding.

In the year under review the Group has:

- invested R223 million in the expansion of capacity at the existing campuses;
- developed four new Curro campuses at Bloemfontein, Century City (Cape Town), Krugersdorp and Thatchfield (Centurion, Gauteng), as well as a new Meridian campus at Pinehurst (Kraaifontein, Cape Town) for a total investment of R237 million; and
- acquired Woodhill College (Pretoria East), Embury College and Hillcrest Christian Academy (both in Durban), as well as two nursery schools, being Rosen Castle in Durbanville and BidiBidi in Krugersdorp, and three Meridian colleges in Pretoria, Rustenburg and Polokwane for a total consideration of R322 million.

Results

On a comparative basis, Curro's revenue increased by 114% to R356 million for the year ended 31 December 2012. This is mainly due to the significant increase in learner numbers.

EBITDA amounted to R53 million, an increase of 410%. This is mainly as a result of capacity being filled at existing schools without a proportionate increase in costs, as well as the inclusion of profit-making schools from acquisitions for a portion of the year. A headline profit of R15 million was recorded for the 12-month period compared to a headline loss of R7 million in the previous year.

Headline earnings per share of 7,0 cents and basic earnings per share of 7,1 cents were realised compared to a headline loss per share and basic loss per share of 5,4 cents in the previous year.

Capital expansion, funding and rights issue

The expected growth in learner numbers at existing campuses alone justifies another R300 million capital investment in this year. In addition, three new Curro campuses, four new Meridian campuses and two new Curro Castles will be established. Curro has also identified five sites that will be purchased ("banked") for construction in 2014.

The Development Bank of Southern Africa has approved R150 million in funding. In addition, Curro has embarked on the listing of a Domestic Medium Term Note Programme that will provide the company with capital for expansion over the long term. However, over the short term, as a result of these opportunities in the market, Curro will embark on a R606 million underwritten rights issue of 21 rights for every 100 shares held at R12 per share. Shareholders are referred to the detailed rights offer declaration released simultaneously with this results announcement.

Dividends

No dividend has been declared for the period under review. As soon as cash generated exceeds capital requirements, dividends will be paid.

Prospects

Curro's management is committed to expanding the business by means of organic and acquisitive growth in years to come while driving efficiencies in all areas of operation.

Board of directors

As was announced in July 2012, Adv Fef le Roux SC will retire as chairman and board member at the end of March 2013. The Company is grateful for the invaluable role that he has played in its history, from 2005 as a director and since 2009, when PSG acquired 50% of the shareholding, and as chairman. In his capacity as chairman, and with the benefit of his legal background, Fef was instrumental in guiding the Company through the period leading up to and implementing the listing process in June 2011. However, the Company is privileged to be led by incoming chairperson Santie Botha and is looking forward to her guidance in future.

On behalf of the board

Fef le Roux
Chairman

Chris van der Merwe
CEO

21 February 2013