CURRO

Integrated Report 2012

Financial highlights

Net asset value per share (cents)

358,2

56% increase

Revenue

R355m

114% increase

EBITDA

R53m

408% increase

About this integrated report

Curro is committed to transparent, balanced and relevant disclosure and has aimed therefor in its financial reporting to shareholders since its listing on 2 June 2011.

With this integrated report Curro aims to provide the background, current status and look into the future of its business.

In preparing this integrated report, Curro took cognisance of, and applied, the principles contained in the King Code of Governance Principles (King III), as well as the JSE Listings Requirements and International Financial Reporting Standards and the Companies Act 71 of 2008. As required, detailed commentary has been provided to explain the reasons for certain principles in King III not being complied with fully.

An independent audit of the group's annual financial statements (AFS) was performed by Deloitte & Touche. The remainder of this integrated report has not been subjected to independent audit or review. Information reported, other than that mentioned above, is derived from the group's own internal records and from information available in the public domain.

We hope that this will provide a solid foundation for meaningful communication with all our stakeholders going forward.

This integrated report contains certain forward-looking statements which relate to the financial position and also the results of the operations of the company. Although good care was taken to make these forward looking statements realistic, note should be taken of factors which may influence these results.

The directors hereby acknowledge their responsibility to ensure the integrity of the report.

JA le Roux
Non-executive chairman

CR van der Merwe
Chief executive officer

Contents

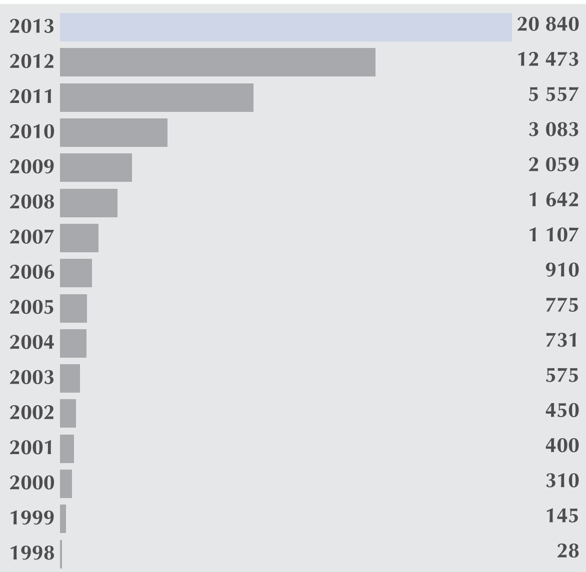
Group performance overview

Key performance indicators

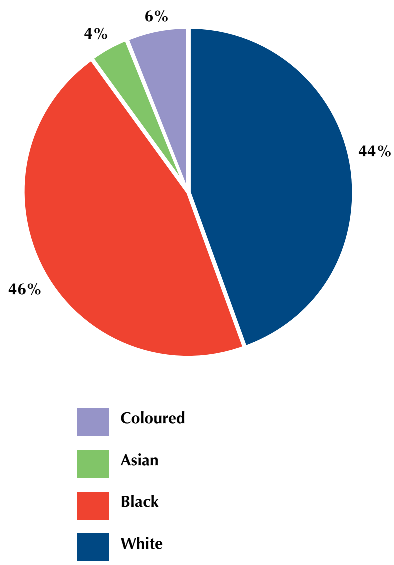
FOR THE YEAR ENDED 31 DECEMBER 2012

	2009	2010	2011	2012
Profitability				
Revenue (R'000)	47 966	74 031	166 298	**355 886**
Other income (R'000)	584	1 572	4 036	**9 863**
Salaries (R'000)	31 114	48 016	118 251	**222 309**
EBITDA (R'000)	8 860	12 800	10 481	**53 214**
Earnings attributable to ordinary shareholders (R'000)	1 794	5 233	(7 404)	**14 677**
Earnings per share (cents)	2,2	6,5	(6,2)	**7,1**
Statement of financial position				
Total assets (R'000)	115 995	243 311	597 412	**1 483 699**
Interest-bearing liabilities (R'000)	56 602	159 272	168 123	**346 044**
Equity (R'000)	52 453	57 688	369 773	**861 718**
Net asset value per share (cents)	65,6	71,7	229,4	**358,2**
Share statistics				
Market price (cents)				
– High			1 215	**2 049**
– Low			530	**985**
– Closing			1 200	**1 635**
– Average			766	**1 414**
Volume of shares traded ('000)			10 086	**13 258**
Value of shares traded (R'000)			80 462	**193 138**
Volume/weighted average number of shares (%)			14,5	**6,2**
Market capitalisation (Rm)			1 934	**3 931**
Capital investment (Rm)				
– Current campuses		13	80	**223**
– New campuses		114	175	**237**
– Acquisitions		1	73	**322**
Total		128	328	**782**

Learner numbers



Learner demographics



Learner numbers

Schools operating	2011	% change	2012	% change	2013*
Schools opened in 2009	2 581	7	2 773	7	**2 955**
Schools opened in 2010	969	118	2 109	31	**2 761**
Schools opened in 2011	2 007	28	2 578	26	**3 240**
Schools opened in 2012			5 013	6	**5 309**
Schools opening in 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/educator 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	**–**

* As at 12 February 2013

Value added statement

FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 R'000	2011 R'000
Revenue	**355 886**	166 298
Other income	**9 863**	4 036
Cost of providing services	**(88 202)**	(29 950)
	277 547	140 384
Value distribution		
Employees		
Net benefits paid to employees	**190 869**	101 308
Social responsibility		
Corporate social investment and bursaries	**18 426**	8 594
Government		
Income tax	**5 517**	1 615
PAYE	**31 440**	14 482
Providers of capital		
Finance costs	**16 618**	14 385
Reinvested in the group		
Retained income	**14 677**	–
Total wealth distributed and retained	**277 547**	140 384

Group overview

Our values

The business

Curro provides private school education to learners from three months of age to grade 12. The group also owns and manages a private institute for teacher training.

Ancillary services offered includes aftercare, bus services and hostel accommodation.

There are currently 26 schools with 20 840 learners in the group.

Vision

Curro's vision is to make private school education accessible for more learners throughout South Africa, reaching 80 schools by 2020 and accommodating 80 000 learners.

Curro's values

Curro's values originate from its founding date. As a group of concerned, dedicated and experienced educators, four key components were identified that had to inform the value-system.

They are:

- Child friendliness;
- Positive discipline;
- Christian ethos; and
- Creative thinking.

Curro sees the written curriculum as the fundamental ingredient of its product and if the taught curriculum can be received by learners according to the intentions of the written curriculum, successful learning takes place.

For too long, many schools have neglected the importance of dynamic curriculum development and in many cases placed too much focus on the achievement of sports results.

Through these values Curro creates a balanced educational arena in which many co-curricular activities such as sport and culture can be enjoyed by learners while not losing sight of the core essence of a typical school, namely successful learning.

"We instil our values in each of our brands, aiming towards balanced education through dynamic curriculum development."

Group overview *(continued)*

Brands/line of business

To achieve the vision, Curro divided the original brand into five brands, or lines of business. The five brands are:

- Curro Private Schools;
- Meridian Private Schools;
- Select Private Schools;
- Curro Castle Nursery Schools; and
- Embury Institute for Teacher Education.

CURRO PRIVATE SCHOOLS accommodate learners from age three to grade 12. Class sizes are limited to a maximum of 25 learners per class and the IEB (Independent Examination Board) examination is written at the end of grade 12. These co-ed schools are traditionally parallel-medium (Afrikaans and English) from group 5 to grade 9 and dual medium from grade 10 to grade 12. Naturally, a wide subject choice is offered in the FET phase (grade 10 to grade 12). These schools have excellent facilities and offer all the co-curricular activities one would have found in the ex-model C schools. The school fees are affordable and range from R2 000 per month for the nursery school section up to R4 200 per month for the high school. A typical campus will accommodate 1 200 to 2 000 learners.

MERIDIAN PRIVATE SCHOOLS accommodate learners from age three to grade 12 (Meridian Pinehurst from age three months). Classes accommodate up to 35 learners and these schools write the National Senior Certificate (NSC) examination at the end of grade 12. Subject choices are focused and these co-ed schools are single medium (English). Co-curricular activities are offered but these are limited to an appropriate variety. School fees vary from R950 per month for primary school to R1 300 per month for high school, making the Meridian schools highly affordable. A fully developed campus will accommodate 1 500 to 4 000 learners. Hostel accommodation will be a feature of these schools.

SELECT PRIVATE SCHOOLS were ordinarily added to the Curro group of schools by means of acquisitive growth. These schools keep their original well-established identities and ethos. Language of tuition is English complemented by superior facilities and a rich heritage, tradition and good academic and co-curricular results. These schools are more expensive (approximately R4 500 per month for primary school learners and R6 200 per month for high school learners). A wide variety of curricular and co-curricular activities are offered.

The campus size varies from school to school, but generally they are situated on 10 to 15 hectares and accommodate from 1 400 to 2 000 learners.

CURRO CASTLES are nursery schools which accommodate learners from three months up to five years old. These nursery schools have facilities which can accommodate up to 300 children.

EMBURY INSTITUTE FOR TEACHER EDUCATION is a registered and accredited educator training college that provides both full-time degrees and short-course training and development for educators under the auspices of UNISA. It was acquired by Curro at the beginning of 2013 and will contribute in terms of both internal and external educator development.

Quality control

Curro established the Curro Centre for Educational Excellence (CCEE) to:

- develop and apply latest trends in curriculum standards and dissemination;
- monitor quality of academic standards and ensure standardisation across campuses;
- provide advice on educational and related matters to the executive heads, operational heads, subject heads and educators at the schools; and
- identify and develop master educators, further centres and standards of excellence in subjects, with the primary focus on mathematics, science and technology.

IEB examinations have been accepted at all schools and has been in full effect since 2012, with the exception of Meridian Private Schools which write the National Senior Certificate examination.

185 024

Building size m² in 2013

14

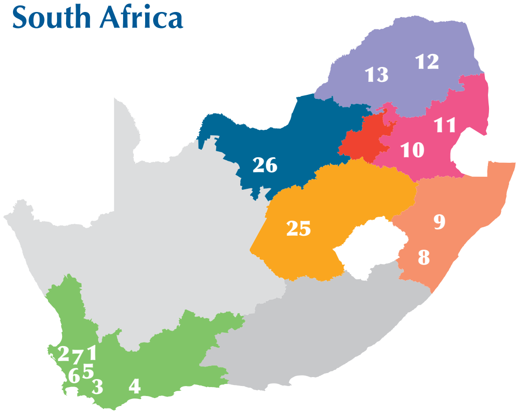
Learner/educator ratio in 2013

Curro			
Tertiary/Higher education	**Institute for Educator Training**		
Grade 12	**Meridian Private Schools**	**Curro Private Schools**	**Select Private Schools**
Grade R	School fees per month range from R950 to R1 300	School fees per month range from R2 000 to R4 200	School fees per month range from R4 500 to R6 200
Group 5 (5 years)	**Curro Castles**		
Group 1 (3 months)	School fees per month range from R1 800 to R2 550		

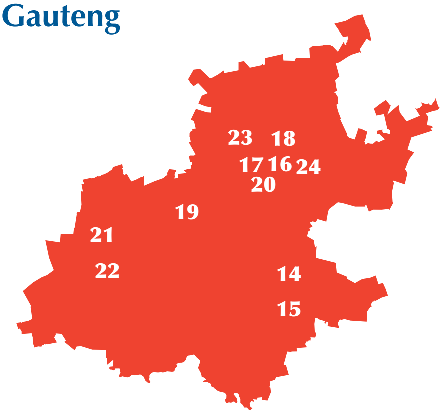
Group overview *(continued)*

Operational overview: Schools

South Africa



Gauteng



Western Cape

1. Curro Durbanville
2. Curro Langebaan
3. Curro Hermanus
4. Curro Mossel Bay
5. Curro Century City
6. Meridian Pinehurst (Kraaifontein)
7. Rosen Castle Tyger Valley

KwaZulu-Natal

8. Curro Hillcrest Christian Academy
9. Embury College (Durban)

Mpumalanga

10. Curro Bankenveld (Witbank)
11. Curro Nelspruit

Limpopo

12. Curro Heuwelkruin (Polokwane)
13. Northern Academy (Polokwane)

Gauteng

14. Curro Serengeti Academy (Kempton Park)
15. Curro Helderwyk (Brakpan)
16. Curro Hazeldean (Pretoria)
17. Curro College Hazeldean (Pretoria)
18. Curro Roodeplaat
19. Curro Aurora (Randburg)
20. Curro Thatchfield (Centurion)
21. Curro Krugersdorp
22. Curro Kids Krugersdorp
23. Meridian Pretoria
24. Woodhill College (Pretoria)

Free State

25. Curro Bloemfontein

North West

26. Meridian Rustenburg

Concise history

Curro Private School was established in 1998. Dr Chris van der Merwe initially envisioned the establishment of a small private school which was intended to accommodate only an intermediate school phase (grade 4 to grade 7) in a converted house.

Soon after the planning was completed, Eduard Ungerer, one of Van der Merwe's business partners in a small publishing enterprise, joined him and eventually the school opened in a church in Cape Town on 15 July 1998 with 28 learners. Other founding members were Loch Van Niekerk, Eddie Conradie and Thys Franken.

In 2004, Senior Advocate JA le Roux, purchased 30% of the company's shares. In 2005, Educor, a subsidiary of Naspers, acquired 25% of Curro's shares. With this support, the company entered into a business vision of establishing 20 Curro schools nationwide. When Naspers disposed of Educor in 2006, a pre-emptive right triggered the repurchase of the 25% by the founders of the company and JA le Roux and two of his colleagues at the Cape Bar. At that stage the company had three established schools.

In 2009, PSG approached Curro to become a 50% partner through their subsidiary, Paladin Capital. At the beginning of 2010, with the adoption of the strategic intent to build 40 schools by 2020 and the capital investment that this entails, Paladin Capital increased its shareholding to 75%.

On 2 June 2011, Curro listed on the JSE's AltX. It raised R320 million in a rights issue soon thereafter.

A second rights issue and private placement to the value of R476 million were completed in July 2012. Apart from the expansion required at the existing schools, this was applied to acquisition of:

- Woodhill College and Embury College;
- Rosen Castle which established the intent to develop nursery schools under the Curro Castle brand; and
- Meridian Private Schools which laid the foundation for the Meridian school brand.

In July 2012, Curro, the Public Investment Corporation and the Old Mutual Investment Group of South Africa through its School Fund joined forces to provide R440 million in capital for the development of at least 11 Meridian schools that will accommodate 20 000 learners.

In 2013 Curro, through Meridian, acquired Northern Academy, a school in Polokwane with more than 4 000 learners of which 2 500 are in the school hostels. Future schools under the Meridian brand will be strongly influenced by the design, systems and processes at Northern Academy.

Group overview *(continued)*

Timeline

1998	Curro was founded with 28 learners in the vestry of a church.
1999	Construction of the first campus in Durbanville commenced in June.
2000	310 learners move to the new Durbanville campus.
2006	Curro has 900 learners. Construction commences at the second campus in Langebaan.
2007	Langebaan campus opens. Curro has more than 1 100 learners.
2008	Third campus in Hazeldean, Pretoria opens. Curro has more than 1 600 learners.
2009	Curro has more than 2 000 learners. Paladin Capital, a subsidiary of the PSG Group, acquires a R50 million stake in Curro.
2010	Curro has five campuses with more than 3 000 learners. Curro adopts a strategic intent to have 40 schools by 2020. Paladin acquires another 25% stake in Curro.
2011	Curro has 12 campuses through construction and acquisition, with 5 500 learners. In June, Curro lists on the AltX of the JSE with a market cap of ± R400 million. Curro acquires R318 million through a one-for-one rights issue.
2012	Curro has 19 campuses with almost 12 000 learners. Raised R476 million in a rights issue. Moved to the main board of the JSE. Market capitalisation exceeded R4 billion.
2013	Curro acquires Northern Academy and Embury Institute for Teacher Education. Adoption of *"80 @ 20"*. 80 schools will be developed by 2020. Curro now has 26 campuses with 20 840 learners. Rights issue of R605 million planned for May 2013.

Achievements in 2012

ACADEMIC RESULTS

In 2012, 358 Curro learners wrote the IEB exam. Learners achieved excellent results, with 78% of learners passing with University exemption. Twenty nine learners passed with A aggregates.

"Learners will be in touch with their educators via C-space, a tool developed within Curro."

Curro has a constant focus on mathematics and physical science. Targets are set at all our schools to increase learner participation and academic results in these subjects. Approximately 60% of learners took mathematics as a subject and achieved an average of 60%.

During April 2012, Curro acquired three Meridian Private Schools, in Pretoria, Polokwane and Rustenburg. The academic standard of these schools was questionable and with immediate intervention from Curro's Curriculum Centre, 85% of 130 learners passed the National Senior Certificate examination.

CURRICULUM

Curro Holdings works very hard to create facilities and opportunities for learners to participate and achieve on both the sports field and the cultural terrain, because Curro sees education as a holistic process. However, the learning process inside classrooms is Curro's core business. To ensure that this offering is of the highest quality, the following have been put in place:

- Curro is in the process of revising all the national South African curriculum documentation to ensure that it corresponds with world-class curricula and that it is in line with the latest educational research. By the end of 2013, this process will be completed for grades R to 9 and a standard curriculum will be in place for the nursery school.
- In the FET Phase (grades 10 to 12), Curro works closely with the IEB (Independent Examination Board) to ensure that standards are above the IEB requirements. Curro enjoyed early success with a 100% pass rate at the end of 2011 and the majority of subjects achieved averages above that of IEB schools nationally.
- Curro has a robotics curriculum for grades R to 6 for 2013 which will be extended to grade 9 by 2014. Robotics is acknowledged in the international arena of "best practice" in education as a tool that stimulates cognitive development and fosters an interest in the STEM (science, technology, engineering and mathematics) subjects and related careers.

R237 million

Invested in the establishment of the first phases of four new campuses in 2012

- During 2012, Curro conducted research that resulted in the first round of tablets being rolled out at five schools in 2013. Learners will receive their learning support material as e-books on tablets and will be in touch with their educators via C-space, a tool that was developed within Curro.
- Curro is committed to quality assurance and believes that learner achievement is the best indicator of excellence in teaching and learning. Grade 3 learners are tested annually with internal tests in mathematics and home language. This systemic test reveals the level at which the curriculum is covered. Learners wrote the IBT (International Benchmarking Tests) of the IEB (Independent Examination Board) in grades 4, 5, 6 and 9. These results were made available to parents.
- Curro has appointed inter-Curro subject heads that will coordinate the contact and cooperation of educators among all Curro schools. This exciting development promises to contribute hugely to Curro being the leaders in quality education in South Africa.
- To ensure high staff morale and the professional development of educators, Curro offers educators and curriculum leaders ongoing training. An annual curriculum conference was introduced to create networking opportunities and more learning opportunities for educators.

In 2012, Curro invested R237 million in the establishment of five new campuses in Bloemfontein, Century City (Cape Town), Krugersdorp and Thatchfield (Centurion, Gauteng), and a Meridian campus in Pinehurst (Kraaifontein, Cape Town). Curro also invested R223 million to expand capacity and upgrade facilities at the existing campuses.

Curro acquired Woodhill College (Pretoria East), Embury College and Hillcrest Christian Academy (both in Durban), as well as two nursery schools, Rosen Castle in Durbanville and Bidi Bidi in Krugersdorp, and three Meridian schools in Pretoria, Rustenburg and Polokwane for a total consideration of R322 million.

South African education has seen many transformations since 1994 and the demand for quality schools and educators remains insatiable.

The overall philosophy in terms of school management remains to appoint the best human capital as executive heads at school level and to support them with appropriate resources.

In terms of school monitoring and support, capacity has been extended. Whereas in the past the COO had all 19 schools directly under his management, from the beginning of 2013, three regional heads were appointed. They were identified from serving executive heads. They are responsible for advising, managing and monitoring all the areas of school management for their allocated schools. Their functions are comparable with that of circuit managers/school inspectors in the state school sector.

Continued focus will be placed on the management of efficiencies. The growing network of schools leads to a greater body of knowledge, from which processes that lead to greater efficiencies and savings can be identified and applied at all schools.

Management is continuously looking at the key school functions and evaluating whether value can be extracted by the centralisation of a particular function. Key centralised functions are the IT network and support, back office accounting and academic quality control through the CCEE.

Whereas debtors control was entirely centralised in the past, the soft collection part thereof was decentralised to school level in 2012. This made more sense in terms of customer relations and the ability to provide face-to-face contact for account queries.

Information technology and systems

Information technology ("IT") is important in two areas of the business, namely: the educating of learners and the administration of the network of schools.

IT, as part of the education process, is becoming more topical. There are IT labs at all Curro schools where appropriate IT lessons are taught to most of the learners. IT labs are equipped with Sun Oracle terminal systems which are more cost effective to maintain over the medium to long term, easier to integrate with the Curro network and are energy saving.

Curro is in the process of piloting the use of laptops and tablet devices that should form part of the education process in future.

In terms of IT as administrative support, Curro invests capital and effort to ensure that appropriate systems are in place to monitor the schools effectively. The aim is to increase automation of processes to ensure that educators can spend more of their time teaching and the number of administrative personnel is kept to a minimum.

The reliability of Curro's IT system is challenged because of the lack of fixed-line telecommunication infrastructures at the urban edges where Curro generally develops new schools. Micro-wave technology helped Curro to stabilise the internet in these remote areas. Curro is continuously working on finding cost-effective, reliable wireless alternatives.

Curro's purpose and strategy

Curro is firmly of the view that the purpose of education is to empower every person with the opportunity to achieve their potential as individuals and members of society. Education is one of the cornerstones of society, providing the main strategic thrust to long-term South African development.

South African education has seen many transformations since 1994. Despite the substantial allocation of the national budget towards education, the demand for quality schools and educators remains insatiable.

Government is progressing in creating equal opportunity for all our learners but still faces many challenges specifically in terms of providing education at an acceptable standard. It is understandable that efforts are targeted at the most needy end of the market where the situation is the most dire.

This creates a vacuum in terms of facilities and standards at the lower to middle end of the market and for new campuses in the more affluent areas which lead to the private sector increasingly playing its part. Article 29 of the South African Constitution enshrines and protects this role of private schools to fill their role in this regard.

With this as background, it is clear that Curro can potentially develop a large number of private schools across South Africa. The development of every private school creates open spaces in state schools for new enrolments. In addition, this saves the state the capital outlay of between R50 million and R80 million to erect a school, and running costs for a mature school of more than R30 million per annum.

The joint venture with the Schools Fund, and their respective investors, will accelerate the access to quality schooling and play a supportive role to government in addressing the educational needs of South Africa in the lower-income market under the brand of Meridian Private Schools.

Curro will therefore expand its group of private schools by means of new developments and acquisitions. This strategy will not only support the public sector, but will also supply parents with additional options for their children's education. Curro believes that private schools will increasingly improve educational standards which will lead to the further development of the South African population which in turn will contribute meaningfully to the enhancement of economic growth.

Targets for 2013

BUSINESS AIM

In its pre-listing statement, Curro aimed for 9 594 learners in 17 schools by 2013. It has comfortably exceeded this target by having 20 840 learners in 26 schools through organic and acquisitive growth. It is also set to exceed its forecasted earnings per share target as per the pre-listing statement.

Curro previously had a vision of 40 schools with 45 000 learners by 2020, but it has now doubled with the announcement of "80 @ 20", meaning the target of 80 schools by 2020.

DEVELOPMENTS

Curro will add new Curro campuses in Ballito and Port Elizabeth and Meridian campuses in Polokwane and Nelspruit.

Additional capacity and facilities will be added to Durbanville, Langebaan, Hazeldean College, Nelspruit, Serengeti Academy, Helderwyk, Aurora, Woodhill College, Thatchfield, Bloemfontein, Hillcrest Christian Academy, Embury College and Heuwelkruin.

Curro will develop its first Curro Castle in George during 2013 and will expand capacity at the Rosen Castle Tyger Valley campus.

Curro will also look at purchasing ("land bank") up to five sites for development in 2014.

ACQUISITIONS

Acquisitions of suitable targets remain a strategy that Curro will focus on in 2013.

CURRICULUM

- Continuing to define the written curriculum by stipulating the learning material as prescribed by CCEE.
- Complete benchmarks for learners in grade 3, 6 and 9 so that Curro can responsibly state that the competency of learners in all the learning areas is in line with first world countries.
- Introduce robotics to grade R and grade 2 as a working tool to develop technological and science-based skills and thinking patterns among learners.
- Train educators in the intermediate phase in literacy and mathematics so that they can adopt the latest relevant curriculum innovations to be in line with the new Curriculum and Assessment Policy Statement (CAPS).
- Inform grade 10 educators about the latest CAPS prerequisites.
- Develop leadership among grade and phase heads during a special curriculum conference.
- Launch an experiment to determine the effective application of e-learning so that a decision can be made to implement this strategy over the years to come.

STAFF

- Continue with efforts to transform the working place into an environment which motivates staff members to give their best at all times.
- Continuous development to ensure highest degree of staff knowledge and competency.
- Implementation of recognition programmes that will reward extraordinary achievements.

SYSTEMS

- Stabilise the company's network by further developing its firewalls.
- Implement rules for every user in order to increase the efficiency of active directories.
- Design Curro's digital library.

The education landscape in South Africa

	Government	Private	Curro Group
Schools	24 365	1 486	26
Learners	11 804 066	479 809	20 840
Educators	390 074	30 534	1 522

(Source: 2011 School Realities report, www.education.gov.za)

There are more than 12 million learners in the official South African school system. Registered private school learners comprise less than 6% of the total. Globally this average is at about 16%.

Of the 24 365 schools, there are 5 145 ex-model C schools with 2,4 million learners.

Success factors for the business

Curro's business model originated from the fact that the state could no longer supply enough schools in more affluent areas. The model is simple to understand, but the barriers to entry are high.

Barriers to entry include:

- Suitable affordable land with the need for high, upfront capital investment;
- Working capital investment until the school reaches a break-even mark; and
- Credible brand with a track record.

Curro develops, acquires and manages private schools in South Africa and also provides educator training.

Curro manages the entire process of the establishment of a new campus. From the identification of the area and acquisition of the land, to the overseeing of the building process. In-house skills management ensures that capital is spent as effectively as possible, in order to keep school fees as competitive as possible, while still ensuring an attractive return to its shareholders.

The development cost for each campus varies from R50 million to R80 million. Curro schools normally reach break-even by the third year. This can be expedited when a smaller neighbouring school is incorporated to reach a certain critical mass of learners at a faster rate. An EBITDA margin of at least 30% is aimed for at maturity.

Curro also acquires profitable established private schools with their own campuses. Many well-known private schools belong to their founding members. At a certain stage, a need arises to sell these schools, because running a school is not a passive investment, but requires intensive management effort. This situation then becomes beneficial to both the buyer. The seller as the owner can retire, and the buyer can ensure a sustainable future and expand its market.

The intent is to develop schools at an aggressive pace (three to five schools per year) and to acquire other private schools as the opportunity arises.

For the Meridian schools, Curro has entered into a relationship with the Schools and Education Investment Impact Fund of South Africa (SEIIFSA) with its investors being the Public Investment Corporation and the Old Mutual Investment Group of South Africa. Funding of R440 million on attractive terms were provided to develop Meridian schools across the country.

The acquisition of the Northern Academy school, a school with 4 000 learners and 2 500 hostel residents, will provide systems, processes and other intellectual capital for the successful rollout of Meridian schools.

Curro decided to place a separate focus on child care. With the prevalence of households where both parents are working, there is a demand for a credible facility where the child will be cared for and educated in a safe, stimulating environment.

There is a large enough market for Curro to develop a series of schools which will make private school education accessible to many parents, while creating a lucrative business with good returns for investors.

The Curro business is sustainable in terms of development. Curro has enough opportunities to enlarge its business very aggressively over the foreseeable future. Furthermore, Curro has the ability of phasing expansion if the enrolments do not materialise according to forecasts. Should this happen, Curro will be in a position to fill existing schools only and not spend any more capital on new developments, keeping the business profitable and sustainable.

Management team

Executive committee	
Chris van der Merwe	Chief executive officer
Andries Greyling	Chief operating officer
Bernardt van der Linde	Chief financial officer
Hennie Louw	Chief investment officer

Other key functionaries are:	
Dawie van Emmenis	Regional head
André Pollard	Regional head
Shawn Thomson	Regional head
Alta Greeff	Head of CCEE
Eddie Conradie	Marketing manager
Jaco Kotze	Operational manager
Barend Weideman	IT manager
Divan Hartshorne	Financial manager
Malcolm Law	Business development

Human resource functions reside under the COO who is assisted by a subcontracted service provider to ensure adherence to its determined policies.

Dividend policy

Established schools provide for sound cash generation. Curro will, for the foreseeable future, use all cash generated to expand existing and establish new campuses. In time, a point will be reached where the operational cash generated will exceed capital requirements. Curro will then commence with dividend payments.

Legislative framework

Our schools are all compliant with government's requirements. According to law, a private school must:

- Comply with the local authority's building requirements which include approved building plans, an engineer's certificate, fire certificate and ultimately an occupancy certificate.
- Employ educators with relevant qualifications who are registered with the South African Council for Educators.
- Follow the National Curriculum Statement and write either the National Senior Certificate grade 12 examination or that of the Independent Examination Board.
- Comply with the prerequisites of UMALUSI.

The Curro brand

A brand is very important when parents are looking to enrol their children at a school. Curro's track record over the past 14 years, the national footprint of schools and the listing on the JSE has enhanced the company's profile. The Curro brand must continue to embody quality, sustainability and value for money.

Risks and responses

Risks related to the provision of private school education in South Africa and mitigation thereof:

Risk	Mitigation
Economic slowdown Clients cannot afford to keep their children enrolled at the school.	• In general, our clients believe in the value of a good quality education. Curro believes that parents spending is reprioritised to ensure that children receive quality education. • Curro aims to provide a value-for-money service and market share is gained by parents looking to save money by trading down from high-end schools.
Safety Facilities	• Keeping safety in mind at the planning stages, consulting with health and safety professionals and adherence with the authorities' building standards for public buildings, which will also include a fire certificate.
Environment Learners can be harmed	• Policies are in place requiring appropriate conduct, duty and care by employees. • Schools are fenced off with controlled entrance through security guards.
Ongoing curriculum change South Africa has a history of ongoing curriculum change since 2004. Curriculum change is a positive phenomenon as long as it contributes to quality learning and teaching. Unfortunately outcomes-based education was implemented in a way that placed pressure on South African educators, because it created administrative burdens.	Curro schools have the advantage of curriculum experts who guide educators in systems where an ideal balance exists between the written curriculum and the received curriculum. This ideal balance motivates educators, because they can invest more time in teaching than in curriculum planning.
Learner numbers A school's sustainability depends on the annual growth in learner numbers until a critical mass of learners has been reached.	Curro has grown from 28 learners at one location in 1998 to 20 840 learners at 26 locations in April 2012. This contributes to a lower overall risk for the entire group.
Opportunities for growth • A campus is not placed in an appropriate location and therefore does not grow as anticipated. • Overpaying for an acquisition.	• As a result of the demand, for which the government is not able to deliver entirely, the market still offers significant growth opportunities. • It must be ensured that the appropriate sites are selected through performing proper due diligence with respect to the population trends in an area. • Acquisitions are carefully considered to ensure that the area still offers growth opportunities and the ethos of the target is aligned with that of Curro.
Reputational risk The most significant risk for Curro is that reputation is damaged as a result of an event or events.	Curro focuses on providing quality in all its domains. Main areas that might be affected by reputational risks are: • Safety and security • Academic quality Policies, procedures and the close monitoring of the results are a priority for the board and management of Curro.

Board and leadership

Advocate Johan Andries le Roux SC ("Fef")
BA (Law), LLB

Fef was born in the town of Robertson in 1952. He matriculated at Robertson High School in 1969. During 1970, he spent his compulsory military training year at the Army Gymnasium in Heidelberg, Gauteng, completing his officer's course. He studied law at the University of Stellenbosch from 1971 to 1975, during which time he attained the BA (Law) and LLB degrees. From 1976 to 1980, he spent his contractual bursary obligations with the state, first as the public prosecutor of Stellenbosch in 1976 and then as a member of the State Attorney's Office in Cape Town from 1977 to 1980, during which years he also wrote the professional examinations and qualified himself as an attorney, conveyancer and notary of the High Court of South Africa. He joined the Cape Bar in 1981, where he has practised as an advocate since. In 1996 he was awarded senior counsel status by President Nelson Mandela. He became a director and shareholder of Curro in 2005 and has acted as the non-executive chairman of the company since 2009.

Santie Botha ("Santie")

Santie is currently the Chancellor of Nelson Mandela Metropolitan University and serves on the boards of Imperial Holdings, Tiger Brands, Telkom and Famous Brands. Previously she was an executive director at Absa Bank (1996 to 2003) and the executive director of marketing at MTN from 2003 until the end of 2010. In 2010, Santie received the South African Business Woman of the Year Award.

Petrus Johannes Mouton ("Piet")
BComm (Maths)

Piet is the chief executive officer of PSG Group. He serves as a non-executive director on the boards of various PSG Group companies including Capitec Bank, and Thembeka Capital Limited, a black-owned and controlled black economic empowerment investment holding company. He has been active in the investment and financial services industry since 1999.

Barend Petersen ("Barend")
CA(SA)

Barend is a chartered accountant with broad international business experience in mining, finance, auditing, oil industry, energy, government relations, business turnarounds, corporate recovery, consulting and corporate governance.

In the past decade, Barend has had a wide involvement in the De Beers Family of Companies. Barend is executive chairman of De Beers Consolidated Mines and the chairman of the environment, community, health and safety committee of the De Beers Family of Companies. He also owns a stake in Ponahalo, the black empowerment partner of De Beers Consolidated Mines.

He is a director of several companies, including being non-executive director of Anglo American South Africa Limited and Alexander Forbes Group. Barend is the chairman of Sizwe Business Recoveries which he founded in 1997.

Zitulele Luke ("KK") Combi

KK is a non-executive director of Curro. After completing his tertiary education at Damelin College, where he studied public relations, KK worked at Old Mutual Life Insurance Company Limited for a year where he was awarded salesman of the year. He then opened a self service café in Gugulethu followed by his first service station in Gugulethu. In 1994, he developed the R45 million Nyanga Junction Development and in 1995, he developed a R20 million Ultra City Engen 24 One Stop in King William's Town. In 1995, he started Master Currency (Pty) Limited ("Master Currency"), where he was executive chairman until he concluded a transaction with Thembeka Capital Limited ("Thembeka") in 2006, staying on at Master Currency as non-executive chairman. In 2006, KK became executive chairman of Thembeka, swopping his stake in Master Currency for a stake in Thembeka. KK is a member of the Institute of Directors and sits on the boards of various listed and unlisted companies, including the JSE Limited, PSG Group Limited. He is also the current chairman of Pioneer Food Group Limited.

Dr Chris Rudolph van der Merwe ("Chris")
BPrim (Ed), BEd, MEd (Cum laude), PhD in Education

Chris matriculated at the High School JG Meiring at the end of 1979. He studied education at the University of Stellenbosch and completed the degree BPrim (Ed) at the end of 1983. He accepted his first teaching post at Gene Louw Primary School at the beginning of 1986 and obtained the degree BEd (UNISA) in 1988 before becoming Head of Department in 1992. In this year he also obtained the Degree MEd (Cum laude).

In 1993, he started a close corporation "SkoolCor" while teaching at Gene Louw Primary School. This business produced electronic learning modules as surrogate for text books and supplied them to schools nationwide. In 2008, the Shuttleworth Foundation purchased more than 1 000 learning modules and today they form an integral part of an Open Source Methodology.

Chris became the deputy principal of Fanie Theron Primary School in 1997 and in the same year he obtained a doctorate at the University of Stellenbosch.

During 1998, Chris founded Curro Private School. In 1999 he constructed Curro Durbanville's campus and in January 2000, approximately 320 learners started the academic year on this new campus. Since 1999, Chris has been chief executive officer of Curro.

Andries Jacobus Ferdinandus Greyling ("Andries")
BComm (Hons), CA(SA)

Andries obtained his BComm Accounting degree at RAU (now University of Johannesburg) and thereafter qualified as chartered accountant. He completed his articles at KPMG where his clients as audit manager included Secunda manager of Sasol Synthetic Fuels. He thereafter worked at Sasko (a division of Pioneer Foods), Distell and PricewaterhouseCoopers. In 2000, he joined Media 24's. ICG (brand names includes INTEC, Damelin) as financial director whereafter he was promoted to financial director of Educor. In 2006, Educor bought a 26% stake in Curro, where Andries, with Chris, compiled the expanded business plan upon which Curro's current growth strategy is based. In 2007, when Naspers disposed of Educor including Curro, Andries acquired a stake in Curro and joined the company as financial director.

Bernardt van der Linde ("Bernardt")
BComm (Hons), CA(SA), CFA

Bernardt is a qualified chartered accountant and a CFA Charterholder. He completed his articles and remained as manager in the Financial Services (Banking) division of PricewaterhouseCoopers Inc. until 2005. Thereafter he joined Finweek as writer and head of companies and markets. Bernardt joined PSG Group in 2007 where he has, inter alia, been part of the executive team at Paladin (now PSG Private Equity). He joined Curro as financial director on a full-time basis at the beginning of 2011.

Hendrik Gideon Louw ("Hennie")
BAcc, CTA, BComm (Hons), CA(SA)

Hennie matriculated at Durbanville High School in 1986. After school, Hennie completed a BAcc degree at the University of Stellenbosch, followed with a CTA and BComm (Accounting) (Hons) at RAU (University of Johannesburg) in Johannesburg. He completed his articles at Deloitte and obtained his CA(SA) qualification. After articles, Hennie lectured Auditing at the University of the Western Cape. In 1996, Hennie joined Hospiplan as group financial director, a group that developed private hospitals across South Africa. Hennie joined Educor, a private education company in the Naspers Group, as managing director of their distance learning division, ICG, in 1998. He was appointed as Educor's group managing director in 2004, a position he held until Naspers sold the group in 2007. After working in the venture capital industry as an investment manager for Mark Shuttleworth's venture capital firm HBD, Hennie joined Curro in 2010 as manager of new business. Today, Hennie is chief investment offer of Curro.

Report to stakeholders:
Chairman's report

> **Curro's business model is broadening quicker than initially expected.**

A lot has been written and said about the business and shares of Curro since my previous report a year ago. I do not think it is an exaggeration to describe the past financial year as showing progress in leaps and bounds. Shareholders generally received ample reward for their continued support and faith in the company and I have no doubt that the trend will continue in the year to come.

Curro's business model, essentially an annuity platform, is broadening quicker than initially expected. Resting on the foundational pillars referred to in my 2012 report, boosted by the rights issue in May 2013, further expansion of the business, increased share value levels and further improved company performance is inevitable in the year to come.

In view of this solid business environment, I am retiring from my current positions as chairperson and director of the Curro board at the end of March 2013 with total peace of mind about the future. In my view, the company is on an unstoppable path of success and as a shareholder and investor I am looking forward to the years ahead with great excitement and expectation.

Advocate Fef le Roux
Non-executive chairman

Report to stakeholders:
Chief executive officer's report

> **Our educators remain our biggest asset and we thank them for all their efforts.**

Curro celebrates its birthday on 15 July 2013. The group will then be 15 years old. On 15 July 1998 we started this venture by teaching 28 learners in a church's vestry. Today we have 26 schools accommodating 20 840 learners nationwide.

When we listed the company on 2 June 2011, we communicated a 40-school vision by 2020 to the market place. With 26 schools developed to date, it became clear that many more learners flock to our schools than were expected. We are also confronted with many opportunities to develop new schools across the nation. With this scenario, which holds great growth potential, we altered our vision to:

80 @ 20

This vision means that we aim to have 80 schools by 2020 accommodating 80 000 learners from age three months to grade 12. We are committed to playing out this promise. Curro delivers excellent learning through five brands. They are:

- Curro Private Schools;
- Meridian Private Schools;
- Select Private Schools;
- Curro Castle Nursery Schools; and
- Embury Institute for Teacher Education.


Northern Academy (Polokwane)

We currently have one Select school, 20 Curro schools, three Meridian Private Schools and two Nursery Schools. We have also acquired Northern Academy, a school which accommodates more than 4 000 learners on one campus. It is with these four brands in mind that Curro aims to reach 80 schools by 2020. We do not see a very wide market in terms of our Select brand, although there are a couple of possible acquisitions in the offing. We remain focused on rolling out 40 Curro Private Schools of which, as previously mentioned, we already have 20. With the support of attractive funding from the Schools and Education Investment Impact Fund of South Africa (SEIIFSA), we plan to develop at least 11 Meridian schools by 2015, eventually reaching about 20 by 2020. Our Curro Castles seem to be just as popular as the aforementioned brands and we strive to have at least 20 of them by 2020.

Very positive news is that we acquired the Embury Institute for Teacher Education in KwaZulu-Natal for R60 million. This private educator training facility accommodates 850 aspirant-educators and will help contribute to our staff needs in future. The institute is profitable. Plans are to develop two additional educator training facilities, one in Gauteng and one in the Western Cape.

We remain focused on what we do best: Excellent learning and teaching at classroom level. The key product, therefore, remains precisely the same across all four brands. The fact that we added a teaching training facility is a natural extension of our product range. Whilst we have the ability to accommodate educator students as assistants in our classrooms, our current master educators can aspire to become lectures at the training facilities.

The growth since 2012 has been aggressive. At the end of 2012 we had 12 473 learners and by the tenth day of the 2013 school year, Curro boasted 20 840 learners (Northern Academy included). We aim to add at least seven new schools to the group during 2013 which could bring the total to 33 by the beginning of 2014. The necessity to make any new rights offers after 2013 will decrease as Curro becomes stronger and stronger in terms of generating its own cash.

The executive management committee also wishes to state that our head office's capacity is strong enough to support the company's fast growth plans for 2013. Our educators remain our biggest asset and we thank them once again for all their efforts, which ensured our excellent results at the end of 2012.

Thank you

I would like to thank PSG's leadership for the immense role they have played to empower me for the huge task I face from day to day. Without their support Curro would not have been in the position to strive towards our 80 @ 20 vision.

Dr Chris van der Merwe
Chief executive officer

Report to stakeholders:
Chief financial officer's report

> Crucial decisions have a lasting effect, though changes made today are probably only evident years or even decades later.

Introduction

Curro's business is a long-term business in its development phase. This has negative implications for returns over the short term, but creates significant barriers to entry for new competition.

It takes at least two years to identify a site, negotiate with owners and ensure that everything is in order to commence with the building process only nine months before the school opens in January. This limits the time that capital is invested in non-operational buildings. January is a non-negotiable. If you do not open in January, you have to wait at least 12 months for the commencement of the next school year and in the process lose face and damage your reputation.

Once the school is opened, operational gearing comes into play. The majority of expenses are fixed costs that must be paid, whether there are one or 25 learners per class. There needs to be an executive head, admin staff and educators. The municipal costs, insurance, maintenance and ICT costs do not have any or relatively little bearing on the numbers of learners. The first operational profit targets are ordinarily only reached in year two or three of a school's existence when learner numbers exceed 500. The table illustrates that the filling of capacity has an exponential effect on margins.

Percentage of eventual capacity	Schools	Learner numbers	EBITDA Rm	EBITDA Margin
		2011		
75% – 100%	1	1 175	9,2	26%
50% – 75%	3	2 461	17,8	23%
25% – 50%	4	1 269	4,3	11%
0% – 25%	4	652	(4,8)	(29%)
	12	5 557	26,5	16%
		2012		
75% – 100%	**5**	**4 160**	**41,6**	**36%**
50% – 75%	**6**	**3 890**	**33,9**	**27%**
25% – 50%	**5**	**2 728**	**9,9**	**15%**
0% – 25%	**6**	**1 695**	**(6,7)**	**(18%)**
	22	**12 473**	**78,8**	**23%**

Learners per grade

Changes made today are probably only evident years or even decades later – from the implementation of a new curriculum and its effects on learners' results after school, to returns achieved from the investment in capital. Curro runs a 10-year model for each school to provide the targets in terms of learner numbers and margins that should be met in the future.

Crucial decisions have a lasting effect, of which setting school fees is probably the most significant. Lower school fees means more learners attending the school, but also leads to lower margins. Extra-ordinary school fee increases erode trust from clients. Once a learner is lost, that place is unlikely to be filled, especially at high school level where learners are unlikely to move between schools.

However, if you keep your client happy, you are assured of solid annuity income over time.

Curro's future looks bright in this regard.

The average duration (school years remaining until grade 12 is reached) is nine years.

All our schools have experienced net growth in learner numbers since inception of the company.

We achieved the following other milestones over the past year:

- Record headline earnings of R15 million and the first profit recorded since listing.
- Curro Thatchfield in Centurion, Gauteng opened with 800 learners. Schools have, in the past, not opened with more than 300 learners.
- The partnership with SEIIFSA whereby the expansion of the Meridian school brand will be accelerated through R440 million in funding at favourable terms.

Financial results

STATEMENT OF COMPREHENSIVE INCOME

Turnover increased by 114% to R355 million as a result of the increase in learner numbers from 5 557 in 2011 to 12 473 in 2012. The acquisitions of Woodhill College, Embury College, Rosen Castle, Hillcrest Christian Academy, Bidi Bidi and three Meridian Schools comprised about 4 500 learners of the growth above, which means a healthy 43% in organic growth was achieved. In 2013, learner numbers are on 20 840 of which 4 500 are represented by Northern Academy which will come into effect at the beginning of April 2013. Therefore, net (excluding the effect of grade 12 learners leaving the school) organic growth from 2012 to 2013 was 3 867 learners or 31%. This will have a similar effect on revenue for 2013.

The 408% increase in EBITDA to R53 million was driven by the occupation of capacity at existing schools as well as the contribution of acquired schools that were already profitable. Net head office expenses increased from R16 million to R25 million, inter alia, as a result of nine new staff members, the general costs of managing a larger network of schools as well as listing and acquisition-related expenses. However, the head office expenses as percentage of schools' EBITDA has almost halved from 61% to 32%. This trend will continue into the future.

Bad debt expense was about 1,2% of turnover which was in line with prior years. It will always be a key focus of management to improve the timely collection of school fees.

Depreciation and amortisation has seen a significant increase from R7 million to R18 million led by the amortisation of acquisitions of R3 million. A large increase in finance costs was avoided by the R476 million rights issue that was concluded in July 2012.

STATEMENT OF FINANCIAL POSITION

Non-current assets grew, inter alia, by acquisitions of R322 million, the development of new campuses of R237 million and the lowest-risk growth through the expansion of existing campuses to the amount of R223 million.

In addition to the rights issue, R60 million of 10-year funding was entered into, with the remainder of the funding represented by a R100 million short-term loan and an overdraft facility of R90 million. Both these sources of funding will be converted to longer-term funding in 2013.

Funding

From inception, banks have played an important role in the establishment of Curro. Without the 100% loan the company received in 1999, despite the fact that the four founders did not have a lot to offer in terms of security, Curro probably would not have been here today.

PSG also played an important part predominantly as parent providing the backbone of equity since 2009 as well as bridging funding from time to time.

After a lengthy process, Curro is pleased with the approval of a R150 million loan from the Development Bank of Southern Africa. However, while the banks have provided funding under certain circumstances to date, it is not yet close to the level of 60% debt to 40% equity that Curro would want to achieve over the long term.

> All of our schools have experienced net growth in learner numbers since inception of the company.

Although there have been more opportunities to raise funding, consensus could not be reached on the covenants as management felt that it could be too restrictive and potentially costly for the intended expansion over the longer term.

With the faster than expected growth in learner numbers at existing schools requiring expansion of capacity, as well as new identified sites and the level of acceptable funding obtainable from the banks, Curro will embark on a R606 million rights issue that will be concluded in May 2013.

However, equity will not be the preferred source of funding over the long term. Curro is continuously looking for sources of appropriate funding. Due to the envisaged size of Curro's funding reaching into the billions over the next couple of years, it was felt that a corporate bond that is less restrictive in terms of covenants should be undertaken. It is envisaged that Curro will issue a bond early in the second half of the year and from time to time tap into the market in this regard.

Plans and targets for 2013

- Improving management information systems to provide relevant, yet succinct information over the growing network of schools.
- Successful listing of the corporate bond as well as strengthening funding relationships over the broader market.
- Refinement and integration of the forecast model to ensure that each school has its set targets over the long term in order to drive learner numbers and efficiencies.

Thank you

I would like to thank all our clients for their loyal support over the past year, because, without you, we would not have a business. To PSG, as anchor shareholder, and the board for their support. A special word of gratitude to our colleagues, who continue to give their best for Curro on a daily basis.

Bernardt van der Linde
Chief financial officer

Employees

> Curro will be as strong as the educators, support staff and management recruited and appointed.

Recruitment
A major recruitment drive took place towards the end of 2012 as a result of the exceptional growth experienced. The market responded positively to the advertisements and a large number of CVs were received. The high standard of applications received assisted in the appointment of quality educators. Applicants from both independent and public schools apply for the positions.

Performance management
The performance assessment process will assist in providing the correct assessment outcomes to ensure the required standards are delivered, development areas are identified and remuneration management takes place.

Employee relationship management
Employee relationship management is effective and is managed in conjunction with the various processes operational in the organisation. Communication forums representing all employees have been established and function in each school.


What is a virus?
you know?
ACTIVITY

2 257
Staff

1 522
Educators

> **It is essential that Curro provides opportunities to internal staff. Curro's recruitment policy states that all positions that are available will be advertised internally before any external advertising takes place.**

Curro firmly believes in compensating for performance. Incentive schemes will acknowledge excellence in academics, sport and culture, financial management, marketing, people and general management of facilities and assets.

Employee equity

Curro complies with the requirements of the Employment Equity Act. Plans and reports are submitted annually. Employment equity meetings are conducted quarterly as prescribed by the act and involves all levels in the organisation. The report for the previous reporting period is submitted below.

Employment equity statistics at 30 September 2012

	Male				Female				Foreign nationals		
Occupational levels	**A**	**C**	**As**	**W**	**A**	**C**	**As**	**W**	**Male**	**Female**	**Total**
Top management	–	–	–	4	–	–	–	–	–	–	4
Senior management	–	–	–	28	–	–	–	6	–	–	34
Professionally qualified and experienced specialists and mid-management	22	5	6	110	22	18	11	606	–	–	800
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	8	1	1	26	6	5	1	153	–	–	201
Semi-skilled and discretionary decision making	29	3	1	11	67	24	4	116	–	–	255
Unskilled and defined decision making	59	8	–	–	76	13	1	19	–	–	176
Total permanent	**118**	**17**	**8**	**179**	**171**	**60**	**17**	**900**	**–**	**–**	**1 470**
Temporary employees	–	–	–	6	–	–	–	14	–	–	20
Grand total	**118**	**17**	**8**	**185**	**171**	**60**	**17**	**914**	**–**	**–**	**1 490**

A – African C – Coloured As – Asian W – White

Core operational statistics at 30 September 2012

Occupational levels	Male A	Male C	Male As	Male W	Female A	Female C	Female As	Female W	Foreign nationals Male	Foreign nationals Female	Total
Top management	–	–	–	3	–	–	–	–	–	–	3
Senior management	–	–	–	26	–	–	–	6	–	–	32
Professionally qualified and experienced specialists and mid-management	22	5	6	107	22	18	11	599	–	–	790
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	8	–	–	12	5	5	–	132	–	–	162
Semi-skilled and discretionary decision making	17	3	–	3	64	23	–	67	–	–	177
Unskilled and defined decision making	3	–	–	–	5	3	–	19	–	–	30
Total permanent	**50**	**8**	**6**	**151**	**96**	**49**	**11**	**823**	**–**	**–**	**1 194**
Temporary employees	–	–	–	6	–	–	–	14	–	–	20
Grand total	**50**	**8**	**6**	**157**	**96**	**49**	**11**	**837**	**–**	**–**	**1 214**

A – African C – Coloured As – Asian W – White

Staff development

Staff development is ongoing with a high frequency of developmental interventions. Leadership development has been identified as one of the priorities and various interventions support this element.

Skills development

All aspects of the Skills Development and the Skills Levies Act are complied with. Plans and reports are submitted and quarterly meetings are conducted. Below is a table reflecting the interventions that were conducted per employment category in the group.

Skills development statistics at 30 September 2012

Occupational levels	Male A	Male C	Male As	Male W	Female A	Female C	Female As	Female W	Total
Top management									
Senior management	–	–	–	23	–	–	–	3	26
Professionally qualified and experienced specialists and mid-management	–	–	1	36	–	1	–	321	359
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	–	–	–	–	–	–	–	19	19
Semi-skilled and discretionary decision-making	12	5	1	1	7	3	1	–	30
Unskilled and defined decision-making	–	–	–	–	–	–	–	–	–
Total permanent	**12**	**5**	**2**	**60**	**7**	**4**	**1**	**343**	**434**
Temporary employees									
Grand total	**12**	**5**	**2**	**60**	**7**	**4**	**1**	**343**	**434**

A – African C – Coloured As – Asian W – White

Employees *(continued))*

26
Number of campuses

802
Learners per campus

Succession management
Succession management and scarce skills remain a strategic risk and are continually monitored and addressed.

HIV/Aids management
No cases or assistance were reported or requested.

Remuneration
Across all levels, remuneration and incentives are based on performance indicators and assessment outcomes in future.

Employee benefits
Benefits are available to employees at all levels in the organisation. Provident fund membership is compulsory at this stage.

Corporate governance

Curro and its board of directors are committed to practising high corporate governance standards in all areas of the business. By doing so, Curro believes that sustainable long-term shareholder value will be created. The practices and policies in adhering to these standards are based on, inter alia, the Companies Act and the King Code of Governance Principles for South Africa 2009 (King III).

The company has complied, as far as practical and in all material respects, with principles contained in King III since listing. The board has performed a detailed exercise to assess the company's compliance with King III and the members are satisfied that sufficient compliance occurs while having instituted steps to ensure a constant monitoring of improvement where realistically possible.

Board of directors

The board is key to the company's corporate governance system and is ultimately accountable and responsible for the key governance process and the performance and affairs of the company. The board monitors and ensures that the company operates ethically and conforms to the highest standards of corporate governance. It also ensures that the internal controls, both operational and financial, are adequate and that the financial accounts, through effective internal controls, accurately and objectively reflect the company's business.

The primary responsibilities of the board members are to:

- approve the strategic intent as presented to the board by the Curro exco;
- review and approve financial reports, budgets and business plans;
- approve annual and interim financial reports;
- review risk management strategies and ensure internal controls and compliance policies;
- advise on corporate finance in conjunction with the company's sponsor;
- consider the company's employment equity and make recommendations;
- advise on stakeholder communication and governance issues;
- make material investment, disinvestment and refinancing or restructuring decisions;
- evaluate and monitor the performance of the board, individual directors, the chief executive officer and executive management;

- approve executive remuneration and incentive schemes with the recommendation of the remuneration committee;
- appoint new directors and the chief executive officer and ensure appropriate orientation and induction of new directors;
- define clear areas of responsibility at board level to ensure appropriately limited individual decision-making ability; and
- determine and approve amendments to the group's treasury policy.

During the year under review Curro had five board meetings which were attended by the respective board members as follow:

	27/2	18/5	17/8	23/11
SL Botha	NA	NA	P	P
ZL Combi	NA	NA	P	P
AJF Greyling	P	P	P	P
JA le Roux	P	P	P	P
MC Mehl	P	P	P	P
PJ Mouton	P	P	P	P
B Petersen	P	P	P	A
B van der Linde	P	P	P	P
CR van der Merwe	P	P	P	P
M Vilakazi	A	A	R	R

P = Present; A = Absent; NA = Not appointed yet; R = Resigned

The board is key to the company's corporate governance system and is ultimately accountable and responsible for the key governance process.

Board appointments

Appointments to the board are made in terms of clear policy by which recommendations are made by fellow board members with the input of other significant stakeholders, on the basis of the needs of the company and the set of skills/experience that such appointee can bring to the table. The board takes cognisance of these factors before making any such appointment. There is no nomination committee as the entire board takes responsibility for its appointments. All new appointments to the board are therefore made in terms of a formal and transparent process, and are considered to be a matter for the board as a whole.

Mary Vilakazi resigned as non-executive director in June while in July and August 2012, Santie Botha and KK Combi were appointed as independent non-executive board members.

Executive directors are employed in terms of formal employment agreements, non-executive directors are appointed by shareholders at the annual general meeting. At least 50% of non-executive directors will be up for re-election annually.

Corporate governance *(continued)*

Board composition

The composition of the board comprises of executive and sufficient non-executive directors, with a majority being non-executive directors. Accordingly, Curro has a fully functional unitary board, comprising of executive and non-executive directors, which leads and controls the company. Currently there are four executive directors and five non-executive directors, of whom three are considered to be independent.

The composition of the board ensures that no individual has unfettered powers of decision-making and authority, and as a result there is a clear division of responsibilities at board level to ensure a balance of power and authority.

The board was chaired by Adv. JA le Roux SC who acted in this capacity as a non-executive chairman until 31 March 2013. He was subsequently replaced by Mrs SL Botha. The chairperson of the board is responsible, inter alia, for ensuring the integrity and effectiveness of the board's governance processes.

Prof MC Mehl acted as the lead independent director in accordance with paragraph 3.84(c) of the Listings Requirements of the JSE. As Mrs Botha is an independent non-executive chairperson she will negate the requirements for a lead independent director.

The board's governance and management functions are linked through the chief executive officer, Dr CR van der Merwe, who is tasked with the running of the business and the implementation of the policies and strategies adopted by the board, as recommended by the Curro Exco.

Rotation of directors

A staggered rotation of non-executive directors ensures continuity of experience and knowledge. Executive directors are excluded from rotation by virtue of their employment agreements.

Delegation of powers

The board has empowered the Curro exco to perform the required functions necessary for implementing the strategic direction set by the board as well as for the effective day-to-day running of the company, with due regard to fiduciary responsibility on the one hand and operational efficiency on the other, while simultaneously still retaining effective control of the company. There is a clear distinction between the responsibilities at board level and that delegated to Curro exco. This assists in ensuring that no single director has unfettered decision-making powers.

Where appropriate, the board delegates certain specific powers usually for the purpose of implementation by way of written board resolution.

Board committees

The board is authorised to form committees to assist in the execution of its duties, powers and authority. As stated previously, no nomination committee has been appointed as the entire board takes responsibility for appointing appropriate board members and senior management to the organisation.

Audit and risk committee

The audit committee, which also acts as a risk committee, is primarily responsible for overseeing the company's financial reporting process on behalf of the board. The audit and risk committee sets the principles for the annual appointment and evaluation of the external auditors, the audit plan and audit fees, as well as the use of external auditors for non-audit services. The audit committee, on an annual basis, considers and satisfies itself as to the appropriateness of the expertise and experience of the financial director of the company. In addition, risks are identified through the input of management and external audit. The risk committee is overseeing these risks through the feedback on processes in place to monitor or manages the risks.

No breakdown or significant breach in internal financial controls occurred during the year and the audit committee is satisfied with the said environment. There were no extraordinary risks taken or any losses suffered as a result of the occurrence of a risk that could have been managed.

Also refer to the report from the audit committee on page 46.

The audit committee comprises only of independent, non-executive directors, being Mr B Petersen (Chairperson), Mr ZL Combi and Mrs SL Botha as its elected members. Mr Petersen replaced Ms M Vilakazi who resigned as director in June 2012. Following the passing of Prof Mehl, Mrs SL Botha was appointed as a member of the audit committee on a temporary basis until such time as a suitable candidate could be found. The board subsequently appointed Dr Sibongile Muthwa as a director of Curro and as a member of the audit committee, consequently replacing Mrs Botha, with effect from 1 May 2013.

The audit committee meets at least twice a year. During the year under review, the audit and risk committee met on 27 February and 17 August 2012 where all the members were present.

Remuneration committee

The remunerations committee is responsible for assisting the board in remunerating directors and senior management within the group. The remuneration committee comprises predominately non-executive directors, being Messrs JA le Roux and PJ Mouton and Mrs SL Botha as well as invitees, being Messrs CA Otto and N Treurnicht, the majority of whom are independent and is chaired by Mr CA Otto.

The remuneration committee meets at least once a year. During the year it met on 23 November 2012.

Communications

The company believes in clear, transparent, concise and timely dissemination of relevant information to all stakeholders. The board strives to provide its stakeholders, government, regulatory bodies, industry analysts, prospective investors and the media with relevant and accurate information. In this connection, the regulatory requirements regarding the dissemination of information are strictly observed.

Management of risks

Curro is not considered to be in a high risk environment. The main potential catastrophic risks are safety of learners and staff as well as the academic quality. For both these major risks as well as other identified risks, the board is comfortable that it is appropriately monitored and managed.

Information technology is an important business component and the board receives specific feedback on the status of information technology throughout the group.

Compliance with King III

Areas where Curro needs to improve adherence to King III are:

The board should ensure that there is an effective risk-based internal audit	Given that Curro was operating in a private, unlisted environment and given the size and nature of the business operations of Curro, it was not considered necessary for a formal internal audit function to be established with regard to internal audit and risk. Since Curro has now converted to a public company, which will operate in a listed environment, an internal audit function, appropriate to the size and nature of Curro's business, will be implemented over time.
The induction of and ongoing training and development of directors should be conducted through formal processes	The nature of the business does not warrant a formal induction process yet. New directors will have unlimited access to the company's resources in order to familiarise themselves with all matters related to the company.
Sustainability reporting and disclosure should be integrated with the company's financial reporting	Due to the nature of its business (i.e. education on annuity basis and inherent soft impact on the environment), Curro will not produce a separate sustainability report for the time being.
Sustainability reporting and disclosure should be independently assured	Due to the nature of its business (i.e. education on annuity basis and inherent soft impact on the environment), Curro will not produce a separate sustainability report for the time being.

Dealing in securities

Policy dictates that directors and executive management (and all employees with access to management reports) obtain clearance to trade in Curro shares. The chairperson of the board, the chief executive officer and chief financial officer are mandated to authorise clearance to deal in Curro shares. No trading is allowed during closed periods or when information exists that may affect the share price that has not been disclosed to the public. Director trading (including directors of major subsidiary companies) as well as that of the company secretary and any of their associates are published on the JSE's SENS in accordance with regulatory requirements.

Company secretary

Mr AJF Greyling is the company secretary of Curro. The company secretary acts as conduit between the board and the group. The company secretary is responsible for board administration, liaison with the CIPC and the JSE Limited. Board members also have access to legal and other expertise, when required and at the cost of the company through the company secretary. The company secretary has to date maintained a professional relationship with the board members, giving directions on good governance and independent advice as and when required. The board is also satisfied that an arm's length relationship between the board and the company secretary exists. The certificate that the company secretary is required to issue in terms of section 88(2)(e) of the Companies Act is on page 44 of this annual report.

Contents

Annual financial statements

Directors' responsibilities and approval

The directors are required in terms of the Companies Act 71 of 2008, as amended ("the Companies Act"), to maintain adequate accounting records and are responsible for the content and integrity of the audited annual financial statements and related financial information included in this report. It is their responsibility to ensure that the audited annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards and the Companies Act. The external auditor is engaged to express an independent opinion on the audited annual financial statements.

The audited annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the audited annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 31 December 2013 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently reviewing and reporting on the group's audited annual financial statements. The audited annual financial statements have been examined by the group's external auditor and its report is presented on page 45.

The audited annual financial statements set out on pages 48 to 96, which have been prepared on the going concern basis, were approved by the directors on 28 March 2013 and were signed on their behalf by:

CR van der Merwe
Chief Executive Officer

B van der Linde
Chief Financial Officer

Durbanville
28 March 2013

Preparation of the annual financial statements

The annual and group annual financial statements of Curro Holdings Limited for the year ended 31 December 2012 have been prepared and supervised by the chief financial officer, Mr B van der Linde CA(SA), CFA.

Certificate by secretary

In terms of section 88(2)(e) of the Companies Act, I certify that the company has lodged with the Commissioner all such returns and notices as are required by the Companies Act, and that all such returns and notices are true, correct and up to date.

Mr AJF Greyling
Company secretary

28 March 2013

Independent auditor's report

To the shareholders of Curro Holdings Ltd

We have audited the consolidated and separate financial statements of Curro Holdings Ltd set out on pages 52 to 95, which comprise the statements of financial position as at 31 December 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Curro Holdings Ltd as at 31 December 2012, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 December 2012, we have read the directors' report, the audit committee report and the certificate by secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: MA van Wyk
Partner

28 March 2013

Audit committee report

This report is provided by the audit committee appointed in respect of the 2012 financial year of Curro Holdings Ltd and its subsidiaries.

1. Members of the audit committee

The members of the audit committee are all independent non-executive directors of the group and include:

Name	Qualification
Mr B Petersen (Chair)	BComm (Hons), CA(SA)
Mr ZL Combi	Diploma in Public Relations
Mrs SL Botha	Bachelor of Economics

The committee is satisfied that the members thereof have the required knowledge and experience as set out in section 94(5) of the Companies Act 71 of 2008 and regulation 42 of the Companies Regulations, 2011.

The company secretary is secretary of this committee.

The committee comprises three independent, non-executive directors, and is considered to have sufficient financial skills and knowledge to carry out its duties and responsibilities. Attendance at meetings by other directors is by way of invitation.

Following the passing of Prof Mehl, Mrs SL Botha was appointed as a member of the audit committee on a temporary basis until such time as a suitable candidate could be found. The board subsequently appointed Dr Sibongile Muthwa as a director of Curro and as a member of the audit committee, consequently replacing Mrs Botha, with effect from 1 May 2013.

2. Meetings held by the audit committee

The audit committee performs the duties laid upon it by section 94(7) of the Companies Act 71 of 2008 by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditor.

The committee held two scheduled meetings during 2012. All the members of the committee attended the meeting.

3. Internal audit

The committee approved the appointment of a dedicated internal audit resource on 21 February 2013 to work under the direction of the committee and report their findings directly to the committee.

4. External auditor

The audit committee has nominated Deloitte & Touche as the independent auditor and Michael van Wyk as the designated partner, who is a registered independent auditor, for appointment of the 2012 audit.

The committee satisfied itself through enquiry that the external auditor is independent as defined by the Companies Act 71 of 2008 and as per the standards stipulated by the auditing profession.

The audit committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

The audit committee has considered and approved all non-audit services provided by the external auditor and their fees so as to ensure the independence of the external auditor is maintained.

5. Audited annual financial statements

Following the review of the audited annual financial statements the audit committee recommend board approval thereof.

6. Accounting practices and internal control

Internal controls and systems have been designed to provide reasonable assurance as to the integrity and reliability of the financial information represented in the financial statements and to safeguard, verify and maintain the assets of the company and group.

Nothing has come to the attention of the committee or the directors to indicate that any material breakdown in the functioning of the group's key internal control systems has occurred during the year under review.

The committee considers the accounting policies, practices and financial statements to be appropriate.

7. Evaluation of chief financial officer

As required by JSE Listings Requirement 3.84(h), as well as the recommended practice as per King III, the committee has assessed the competence and performance of the group chief financial officer and believes that he possesses the appropriate expertise and experience to meet his responsibilities in that position. The committee is satisfied with the expertise and adequacy of resources within the finance function and the experience of financial staff in this function.

On behalf of the audit committee

Mr B Petersen
Chairperson audit committee

Durbanville
28 March 2013

Directors' report

The directors submit their report for the year ended 31 December 2012.

1. Incorporation

The company was incorporated on 30 December 1998 and obtained its certificate to commence business on the same day.

2. Review of activities

Overview

Curro's business model revolves around the development, acquisition and management of private schools in South Africa. The model makes provision for preschool learners from the age of three months to Grade 12 in high school.

Curro listed on the AltX just more than 18 months ago. On 3 July 2012, Curro transferred to the main board of the JSE. 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 Old Mutual Investment Group (SA) whereby the Meridian model will be rapidly expanded with R440 million in funding.

In the year under review the group has:

- invested R233 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 Tyger Valley and Bidi Bidi in Krugersdorp, and three Meridian Private Schools in Pretoria, Rustenburg and Polokwane for a total consideration of R322 million.

Results

On a comparative basis, Curro's revenue increase 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 408%. 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.

The operating results and state of affairs of the company are fully set out in the attached audited annual financial statements and do not in our opinion require any further comment.

Net profit of the group was R15 million (2011: R7 million loss), after taxation of R6 million (2011: R2 million credit).

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 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.

3. Events after the reporting period

Subsequent to year-end, the following transactions took place:

- 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.
- Effective 1 January 2013, Curro acquired Embury Institute of Teachers Education (Pty) Ltd for a consideration of R60 million.
- Aurora College (Pty) Ltd and the related property entities acquired will be divisionalised into Curro Holdings Ltd.
- On 22 February 2013, the company announced that it intends to raise R606 million by way of a underwritten renounceable rights offer of 50,5 million new Curro ordinary shares to qualifying shareholders at a subscription price of 1 200 cents per rights offer share, in the ratio of 21 rights offer shares for every 100 Curro ordinary shares held on the rights offer record date, being Friday, 12 April 2013.

There are no other significant events that have occurred since 31 December 2012 that require disclosure in the annual financial statements. The events above do not affect the current financial period.

4. Authorised and issued share capital

The authorised share capital was increased by the creation of 200 000 000 ordinary shares with no par value on 1 April 2011 to 400 000 000 ordinary shares with no par value.

Effective 2 July 2012, 79,2 million ordinary shares were issued through a 0,36 to 1 rights issue and a specific issue of 21,4 million shares at R6 per share in a rights offer to raise an additional R475 million before deduction of issue costs and listing expenses.

Total share issue costs of R1,7 million were offset against the raised capital.

Also refer to note 3 above regarding events after the reporting period affecting share capital.

5. Non-current assets

The company and group incurred significant capital expenditure as part of its expansion plans.

Capital additions for the group amounted to R458 million (2011: R251 million) while additions through business combinations amounted to R243 million (2011: R60 million).

Capital additions for the company amounted to R421 million (2011: R237 million) while additions through business combinations amounted to R98 million (2011: R39 million).

Directors' report *(continued)*

6. Dividends
No dividends were declared or paid to shareholders during the year.

7. Directors
The directors of the company during the year and to date of this report are as follows:

Name	Changes
Mr AJF Greyling	
Mrs SL Botha	Appointed 9 July 2012
Adv. JA le Roux (Chairman)	
Mr PJ Mouton	
Mr B van der Linde	
Dr CR van der Merwe	
Mr ZL Combi	Appointed 18 August 2012
Mr B Petersen	
Ms M Vilakazi	Resigned 24 May 2012
Prof MC Mehl	Deceased 30 January 2013
Mr HG Louw	Appointed 29 February 2012

All directors are South African citizens.

8. Secretary
The secretary of the company is Mr AJF Greyling of:

Business address	Postal address
14 Church Street	PO Box 2436
Durbanville	Durbanville
7550	7551

9. Holding company
The company's holding company is PSG Financial Services Ltd incorporated in South Africa.

10. Ultimate holding company
The company's ultimate holding company is PSG Group Ltd incorporated in South Africa.

11. Auditor
Deloitte & Touche will continue in office in accordance with section 90 of the Companies Act 71 of 2008.

12. Shareholding of directors

The shareholding of directors, excluding the participation in the share incentive schemes, in the issued share capital of the company as at 31 December 2012 was as follow:

	2012				2011	
Director	**Direct**	**Indirect**	**Number**	**%**	Number	%
Adv. JA le Roux	**–**	**15 500 000**	**15 500 000**	**6,45**	15 500 000	–
Dr CR van der Merwe	**–**	**4 225 000**	**4 225 000**	**1,76**	5 170 000	–
Mr PJ Mouton	**–**	**1 309 858**	**1 309 858**	**0,54**	963 131	–
Mr AJF Greyling	**–**	**810 000**	**810 000**	**0,34**	810 000	–
Mr B van der Linde	**4 465**	**–**	**4 465**	**–**	3 283	–
Mr HG Louw	**–**	**3 900**	**–**	**–**	3 900	–
	4 465	**21 848 758**	**21 849 323**	**9,09**	22 450 314	–

Subsequent to the financial year-end and up to the approval of the annual financial statements by the board of directors, non-executive director, Adv. JA le Roux, disposed of a total of 5 343 101 ordinary shares in Curro, for a total consideration of R92 285 270.06.

Except where disclosed the directors do not have an interest in contracts that the company enters into.

13. Going concern

The annual financial statements and group annual financial statements set out on pages 48 to 96 have been prepared on the going concern basis since the directors have every reason to believe the company and group have adequate resources in place to continue in operation for the foreseeable future.

14. Sponsor

PSG Capital Ltd acts as sponsor for the group, providing advice on the interpretation and compliance with the Listings Requirements of the JSE Ltd (JSE) and reviewing notices required in terms of the company's memorandum of incorporation and the JSE's rules and regulations.

15. Report of the audit committee

The report of the audit committee, as required in terms of section 94(7)(f) of the Companies Act 71 of 2008, is set out on pages 46 to 47 of the financial statements.

16. Corporate governance

The directors subscribe to the principles incorporated in the King Code of Corporate Practices and Conduct as set out in King III and have complied as far as practical with principles contained therein throughout the reporting period. The directors recognise the need to conduct the enterprise with integrity and in accordance with generally accepted corporate practices. The board has performed a detailed exercise to assess the company's compliance with King III and the members are satisfied that sufficient compliance occurs while having instituted steps to ensure a constant monitoring of improvement where realistically possible.

17. Suitability of the company secretary

Even though the company secretary is also a director of the company, the board is satisfied that the company secretary is able to effectively perform the role as the gatekeeper of good governance in the company, and has been able to adequately and effectively perform and carry out the roles and duties of a company secretary. The board is satisfied that the company secretary, a CA(SA), has the necessary qualifications and experience to enable him to adequately and effectively perform the duties required of him, and the necessary authority and sufficient integrity to act as gatekeeper of good governance in the company.

Statement of financial position

as at 31 December 2012

	Notes	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
Assets					
Non-current assets					
Property, plant and equipment	3	**1 209 758**	529 938	**980 555**	474 687
Goodwill	4	**148 861**	39 283	**46 111**	18 055
Intangible assets	5	**67 560**	5 440	**30 119**	3 364
Investments in subsidiaries	6	**–**	–	**226 185**	43 500
Loans to group companies	7	**–**	–	**2 438**	–
		1 426 179	574 661	**1 285 408**	539 606
Current assets					
Loans to related parties	7	**–**	–	**35 357**	7 703
Current tax receivable		**1 288**	78	**169**	78
Trade and other receivables	9	**27 728**	12 836	**19 031**	12 382
Cash and cash equivalents	10	**28 504**	9 837	**18 231**	8 688
		57 520	22 751	**72 788**	28 851
Total assets		**1 483 699**	597 412	**1 358 196**	568 457
Equity and liabilities					
Equity					
Equity attributable to equity holders of parent					
Share capital	11	**843 710**	369 787	**843 710**	369 787
Share-based payment reserve	12	**4 065**	720	**4 065**	720
Retained income/(accumulated loss)		**13 436**	(734)	**(11 824)**	(9 066)
		861 211	369 773	**835 951**	361 441
Non-controlling interest		**507**	–	**–**	–
		861 718	369 773	**835 951**	361 441
Liabilities					
Non-current liabilities					
Loans and other financial liabilities	13	**236 243**	122 416	**195 609**	122 275
Deferred tax	8	**84 329**	10 193	**34 259**	118
		320 572	132 609	**229 868**	122 393
Current liabilities					
Loans from related parties	7	**5 033**	38 686	**19 155**	38 686
Loans and other financial liabilities	13	**125 275**	12 291	**123 940**	12 291
Current tax payable		**2 216**	882	**4**	4
Operating lease liability		**–**	7	**–**	7
Trade and other payables	14	**94 345**	43 164	**74 791**	33 635
Bank overdraft	10	**74 540**	–	**74 487**	–
		301 409	95 030	**292 377**	84 623
Total liabilities		**621 981**	227 639	**522 245**	207 016
Total equity and liabilities		**1 483 699**	597 412	**1 358 196**	568 457

Statement of comprehensive income

for the year ended 31 December 2012

		Group		Company	
		2012	2011	**2012**	2011
	Notes	**R'000**	R'000	**R'000**	R'000
Revenue	15	**355 886**	166 298	**241 727**	122 521
Other income		**9 863**	4 036	**22 348**	6 510
Operating expenses		**(312 535)**	(159 853)	**(235 822)**	(128 102)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		**53 214**	10 481	**28 253**	929
Depreciation and amortisation		**(17 848)**	(6 704)	**(14 785)**	(6 181)
Earnings before interest and taxation (EBIT)	16	**35 366**	3 777	**13 468**	(5 252)
Investment revenue	17	**1 502**	1 437	**1 017**	1 398
Finance costs	18	**(16 618)**	(14 385)	**(16 010)**	(14 334)
Profit/(loss) before taxation		**20 250**	(9 171)	**(1 525)**	(18 188)
Taxation	19	**(5 573)**	1 767	**(1 233)**	2 964
Profit/(loss) for the year		**14 677**	(7 404)	**(2 758)**	(15 224)
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income/(loss)		**14 677**	(7 404)	**(2 758)**	(15 224)
Profit/(loss) attributable to:					
Owners of the parent		**15 104**	(7 404)	**(2 758)**	(15 224)
Non-controlling interest		**(427)**	–	**–**	–
		14 677	(7 404)	**(2 758)**	(15 224)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		**15 104**	(7 404)	**(2 758)**	(15 224)
Non-controlling interest		**(427)**	–	**–**	–
		14 677	(7 404)	**(2 758)**	(15 224)

Statement of changes in equity

for the year ended 31 December 2012

	Share capital R'000	Share-based payment reserve R'000	Retained income/ (accumulated loss) R'000	Total attributable to equity holders of the group/ company R'000	Non-controlling interest R'000	Total equity R'000
Group						
Balance at 1 January 2011	51 019	–	6 670	57 689	–	57 689
Changes in equity						
Total comprehensive loss for the year	–	–	(7 404)	(7 404)	–	(7 404)
Issue of shares	322 543	–	–	322 543	–	322 543
Share issue costs	(3 774)	–	–	(3 774)	–	(3 774)
Recognition of share-based payments	–	720	–	720	–	720
Total changes	318 769	720	(7 404)	312 085	–	312 085
Balance at 31 December 2011	**369 788**	**720**	**(734)**	**369 774**	**–**	**369 774**
Changes in equity						
Total comprehensive income for the year	**–**	**–**	**15 104**	**15 104**	**(427)**	**14 677**
Issue of shares	**475 632**	**–**	**–**	**475 632**	**–**	**475 632**
Share issue costs	**(1 710)**	**–**	**–**	**(1 710)**	**–**	**(1 710)**
Recognition of share-based payments	**–**	**3 345**	**–**	**3 345**	**–**	**3 345**
Changes in ownership interest – control not lost	**–**	**–**	**(934)**	**(934)**	**934**	**–**
Total changes	**473 922**	**3 345**	**14 170**	**491 437**	**507**	**491 944**
Balance at 31 December 2012	**843 710**	**4 065**	**13 436**	**861 211**	**507**	**861 718**
Company						
Balance at 1 January 2011	51 019	–	6 158	57 177	–	57 177
Changes in equity						
Total comprehensive loss for the year	–	–	(15 224)	(15 224)	–	(15 224)
Issue of shares	322 543	–	–	322 543	–	322 543
Share issue costs	(3 774)	–	–	(3 774)	–	(3 774)
Recognition of share-based payments	–	720	–	720	–	720
Total changes	318 769	720	(15 224)	304 265	–	304 265
Balance at 31 December 2011	**369 788**	**720**	**(9 066)**	**361 442**	**–**	**361 442**
Changes in equity						
Total comprehensive loss for the year	**–**	**–**	**(2 758)**	**(2 758)**	**–**	**(2 758)**
Issue of shares	**475 632**	**–**	**–**	**475 632**	**–**	**475 632**
Share issue costs	**(1 710)**	**–**	**–**	**(1 710)**	**–**	**(1 710)**
Recognition of share-based payments	**–**	**3 345**	**–**	**3 345**	**–**	**3 345**
Total changes	**473 922**	**3 345**	**(2 758)**	**474 509**	**–**	**474 509**
Balance at 31 December 2012	**843 710**	**4 065**	**(11 824)**	**835 951**	**–**	**835 951**

Statement of cash flows

for the year ended 31 December 2012

	Notes	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
Cash flows from operating activities					
Cash generated from operations	23	**76 977**	25 112	**64 188**	12 587
Interest income		**1 502**	1 437	**1 017**	1 398
Finance costs		**(16 618)**	(14 385)	**(16 010)**	(14 334)
Tax paid	24	**(5 696)**	(670)	**(91)**	(19)
Net cash generated from/(utilised in) operating activities		**56 165**	11 494	**49 104**	(368)
Cash flows from investing activities					
Purchase of property, plant and equipment	3	**(451 529)**	(250 800)	**(420 769)**	(237 071)
Sale of property, plant and equipment	3	**145**	105	**145**	–
Expenditure on product development	5	**(2 610)**	–	**(2 610)**	–
Business combinations	25	**(109 908)**	(27 276)	**(107 471)**	(47 361)
Acquisition of subsidiaries	26	**(163 005)**	(49 748)	**(182 685)**	(43 500)
Loans to group companies repaid		**–**	–	**–**	19 152
Loans advanced to group companies		**–**	–	**(25 875)**	(7 703)
Proceeds from loans from group companies		**–**	–	**9 905**	–
Net cash utilised in investing activities		**(726 907)**	(327 719)	**(729 360)**	(316 483)
Cash flows from financing activities					
Proceeds on share issue	11	**473 923**	318 769	**473 923**	318 769
Proceeds from loans and other financial liabilities		**174 599**	22 132	**175 042**	21 993
Repayment of loans from related party		**(33 653)**	(15 755)	**(33 653)**	(15 755)
Net cash from financing activities		**614 869**	325 146	**615 312**	325 007
Total cash and cash equivalents movement for the year		**(55 873)**	8 921	**(64 944)**	8 156
Cash and cash equivalents at the beginning of the year		**9 837**	916	**8 688**	532
Total cash and cash equivalents at the end of the year	10	**(46 036)**	9 837	**(56 256)**	8 688

Notes to the audited annual financial statements

for the year ended 31 December 2012

Accounting policies

1. Presentation of audited annual financial statements

Curro Holdings Ltd is a public company incorporated in South Africa.

The addresses of its registered office and principal place of business are disclosed in the general information section on the inside back cover of this integrated report.

The principal activities are the provision of private school education within South Africa.

The audited annual financial statements have been prepared in accordance with International Financial Reporting Standards, International Financial Reporting Interpretations, and the Companies Act 71 of 2008. The audited annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. The audited annual financial statements are presented in South African rands.

These accounting policies are consistent with the previous period.

1.1 Consolidation

Basis of consolidation

The consolidated audited annual financial statements incorporate the audited annual financial statements of the company and all entities, including special purpose entities, which are controlled by the company.

Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries are included in the consolidated audited annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the audited annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

1.1 Consolidation *(continued)*

Business combinations *(continued)*

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal group) that are classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interest arising from a business combination is measured either at their share of the fair value of the assets and liabilities of the acquiree or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the group; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

1.2 Property, plant and equipment *(continued)*

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

Item	Average useful life
Land and buildings	50 – 75 years
Premises equipment	5 years/6 years
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	6 years
Computer equipment	3 years/5 years
Computer software	2 years
School equipment	5 years/6 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Where the residual amount of an asset exceeds its cost, no depreciation charge is recognised.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Intangible assets

An intangible asset is recognised when:

- 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.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale.
- There is an intention to complete and use or sell it.
- There is an ability to use or sell it.
- It will generate probable future economic benefits.
- There are available technical, financial and other resources to complete the development, enabling the group to use or sell the asset.
- The expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

1.3 Intangible assets *(continued)*

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset to one with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Learner enrolments	1 – 14 years
Trademarks	indefinite
Curriculum development	6 years

1.4 Investments in subsidiaries

Company audited annual financial statements

In the company's separate audited annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.5 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is reassessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

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.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

1.5 Financial instruments *(continued)*

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective-interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective-interest method.

Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write-off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to/(from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

1.5 Financial instruments *(continued)*

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable 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.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings are recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of an asset or liability in a transaction which:
  – at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

- the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

1.6 Tax *(continued)*

Deferred tax assets and liabilities *(continued)*

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 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 – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position 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 statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

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 on the remaining balance of the liability.

Operating leases – lessee

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

1.8 Impairment of assets

The group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount (This impairment test is performed during the annual period and at the same time every period.); and
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value-in-use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.9 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Share issue costs are deducted from raised capital.

1.10 Share-based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value can be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, their value and the corresponding increase in equity, indirectly, are measured by reference to the fair value of the equity instruments granted.

For cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is remeasured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

If the share based payments granted do not vest until the counterparty completes a specified period of service, group accounts for those services as they are rendered by the counterparty during the vesting period, (or on a straight-line basis over the vesting period).

If the share-based payments vest immediately the services received are recognised in full.

For share-based payment transactions in which the terms of the arrangement provide either the entity or the counterparty with the choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments, the components of that transaction are recorded, as a cash-settled share-based payment transaction if, and to the extent that, a liability to settle in cash or other assets has been incurred, or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profitsharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.12 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

1.12 Provisions and contingencies *(continued)*

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 27.

1.13 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Sale of goods is recognised when goods are delivered and title has passed.

Tuition fees are recognised over the period that tuition is provided.

Enrolment fees and registration fees are recognised on initial registration. Reregistration fees are recognised in the year to which the reregistration relates.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

1.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Critical accounting judgements and key sources of estimation uncertainty

Judgements and estimates are continually re-evaluated and are based on historical experience and other factors, including expectations of future events which are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions which have significant risk of causing material adjustment to the carrying amounts of assets and liabilities during the next financial year are discussed below.

Useful lives and residual values

The estimated useful lives for property, plant and equipment are set out in note 1.2. Estimated useful lives and residual values are reviewed annually, taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the education industry where the assets are used.

Impairment of assets

Goodwill, intangible assets, property, plant and equipment and accounts receivable are assessed annually for impairment. These impairment calculations include the use of estimates of future cash flows as well as the determination of discount rates at which the cash flows are discounted.

Deferred taxation assets

Deferred taxation assets are recognised to the extent that it is probable that taxable income will be available in the future against which it can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation and competitive forces.

Fair values in business combinations

Management uses valuation techniques to determine the fair value of assets and liabilities acquired in a business combination. Fair value of property, plant and equipment is determined by using external valuations as well as rental return on property. Client lists (learner enrolments) are valued through a net present value model of the contribution from the enrolments at the school based on their estimated future enrolment period.

1.15 Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Although a comprehensive valuation exercise is performed for each business combination, the group applies initial accounting for its business combinations which will allow the group a period of one year after the acquisition date to adjust the provisional amounts recognised for a business combination.

Contingent liabilities

Management applies its judgement to the advice it receives from its attorneys, advocates and other advisers in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine whether the obligation is recognised as a liability or disclosed as a contingent liability.

Doubtful debt

Doubtful debt is provided on an individual account basis considering the likelihood of default of the account holder.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

IAS 12 Income Taxes

Rebuttable presumption introduced that an investment property will be recovered in its entirety.

The effective date of the amendment is for years beginning on or after 1 January 2012.

IAS 1 Presentation of Financial Statements

New requirements to group together items within other comprehensive income that may be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact on the overall performance of an entity.

The effective date of the amendment is for years beginning on or after 1 July 2012.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2013 or later periods:

IFRS 9 Financial Instruments

New standard that forms the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement.

The effective date of the standard is for years beginning on or after 1 January 2013.

IFRS 7 Financial Instruments: Disclosure

Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set-off in its statement of financial position and the effects of rights of set-off on the entity's rights and obligations.

The effective date of the amendment is for years beginning on or after 1 January 2013.

2.2 Standards and interpretations not yet effective *(continued)*

IFRS 10 Consolidated Financial Statements

New standard that replaces the consolidation requirements in SIC 12 Consolidation: Special Purpose Entities and IAS 21 Consolidated and Separate Financial Statements. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess.

The effective date of the standard is for years beginning on or after 1 January 2013.

IAS 27 Separate Financial Statements

Consequential amendment as a result of IFRS 10. The amended standard now only deals with separate financial statements.

The effective date of the amendment is for years beginning on or after 1 January 2013.

IFRS 12 Disclosure of Interest in Other Entities

New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off statement of financial position vehicles.

The effective date of the standard is for years beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurement

New guidance on fair value measurement and disclosure requirements.

The effective date of the standard is for years beginning on or after 1 January 2013.

IAS 32 Financial Instruments: Presentation

The amendments clarify that income tax on distributions to holders of an equity instrument and on transaction costs of an equity transaction should be accounted for in accordance with IAS 12.

The effective date of the amendment is for years beginning on or after 1 January 2013.

IAS 32 Financial Instruments: Presentation

Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its statement of financial position and the effects of rights of set-off on the entity's rights and obligations.

The effective date of the amendment is for years beginning on or after 1 January 2013.

3. Property, plant and equipment

Group R'000	2012 Cost	2012 Accumulated depreciation	2012 Carrying value	2011 Cost	2011 Accumulated depreciation	2011 Carrying value
Land and buildings	**1 114 664**	**(112)**	**1 114 552**	492 518	(95)	492 423
Premises equipment	**4 624**	**(902)**	**3 722**	2 633	(492)	2 141
Furniture and fixtures	**43 805**	**(6 693)**	**37 112**	17 055	(3 373)	13 682
Motor vehicles	**20 596**	**(3 779)**	**16 817**	6 873	(1 632)	5 241
Office equipment	**3 145**	**(1 205)**	**1 940**	1 565	(651)	914
Computer equipment	**32 656**	**(9 189)**	**23 467**	15 134	(4 167)	10 967
Computer software	**4 193**	**(2 650)**	**1 543**	2 709	(1 184)	1 525
School equipment	**13 158**	**(2 553)**	**10 605**	4 194	(1 149)	3 045
Total	**1 236 841**	**(27 083)**	**1 209 758**	542 681	(12 743)	529 938
Company						
Land and buildings	**901 076**	**(44)**	**901 032**	438 897	(27)	438 870
Premises equipment	**4 907**	**(2 301)**	**2 606**	2 004	(367)	1 637
Furniture and fixtures	**37 423**	**(7 643)**	**29 780**	16 201	(3 024)	13 177
Motor vehicles	**17 725**	**(2 727)**	**14 998**	6 354	(1 273)	5 081
Office equipment	**2 945**	**(1 154)**	**1 791**	1 464	(609)	855
Computer equipment	**26 547**	**(6 587)**	**19 960**	14 336	(3 761)	10 575
Computer software	**2 785**	**(1 478)**	**1 307**	2 687	(1 178)	1 509
School equipment	**11 405**	**(2 324)**	**9 081**	4 078	(1 095)	2 983
Total	**1 004 813**	**(24 258)**	**980 555**	486 021	(11 334)	474 687

Reconciliation of property, plant and equipment

Group – 2012 R'000	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Total
Land and buildings	**492 423**	**386 086**	**236 060**	**–**	**(17)**	**1 114 552**
Premises equipment	**2 141**	**1 991**	**–**	**–**	**(410)**	**3 722**
Furniture and fixtures	**13 682**	**26 750**	**–**	**–**	**(3 320)**	**37 112**
Motor vehicles	**5 241**	**13 743**	**–**	**(20)**	**(2 147)**	**16 817**
Office equipment	**914**	**1 580**	**–**	**–**	**(554)**	**1 940**
Computer equipment	**10 967**	**17 522**	**–**	**–**	**(5 022)**	**23 467**
Computer software	**1 525**	**1 484**	**–**	**–**	**(1 466)**	**1 543**
School equipment	**3 045**	**2 373**	**6 591**	**–**	**(1 404)**	**10 605**
	529 938	**451 529**	**242 651**	**(20)**	**(14 340)**	**1 209 758**
Company – 2012						
Land and buildings	**438 870**	**367 119**	**95 060**	**–**	**(17)**	**901 032**
Premises equipment	**1 637**	**1 269**	**–**	**–**	**(300)**	**2 606**
Furniture and fixtures	**13 177**	**19 429**	**–**	**–**	**(2 826)**	**29 780**
Motor vehicles	**5 081**	**11 871**	**–**	**(20)**	**(1 934)**	**14 998**
Office equipment	**855**	**1 481**	**–**	**–**	**(545)**	**1 791**
Computer equipment	**10 575**	**14 004**	**–**	**–**	**(4 619)**	**19 960**
Computer software	**1 509**	**1 252**	**–**	**–**	**(1 454)**	**1 307**
School equipment	**2 983**	**4 344**	**2 983**	**–**	**(1 229)**	**9 081**
	474 687	**420 769**	**98 043**	**(20)**	**(12 924)**	**980 555**

3. Property, plant and equipment *(continued)*

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
Pledged as security				
Carrying value of assets pledged as security (refer note 13):				
Land and buildings	**472 456**	190 884	**284 127**	190 884
Premises equipment	**171**	–	**171**	–
Furniture and fixtures	**9 936**	–	**9 936**	–
Motor vehicles	**17 627**	3 982	**17 627**	3 760
Office equipment	**1 702**	–	**1 702**	–
Computer equipment	**11 143**	6 265	**11 143**	6 065
Borrowing costs capitalised				
Borrowing costs capitalised to qualifying assets	**17 042**	9 444	**16 619**	9 444
Capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation	**12,40%**	12,40%	**12,40%**	12,40%

A register containing the information required by regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

4. Goodwill

	2012			2011		
Group R'000	**Cost**	**Accumulated impairment**	**Carrying value**	**Cost**	**Accumulated impairment**	**Carrying value**
Goodwill	**149 038**	**(177)**	**148 861**	39 460	(177)	39 283
Company						
Goodwill	**46 288**	**(177)**	**46 111**	18 232	(177)	18 055

Reconciliation of goodwill

	Opening balance R'000	Additions through business combinations R'000	Total R'000
Group – 2012			
Goodwill	**39 283**	**109 578**	**148 861**
Company – 2012			
Goodwill	**18 055**	**28 056**	**46 111**

The goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit that is expected to benefit from that business. Goodwill is assessed for impairment annually, irrespective of whether or not there is any indication of impairment, or more frequently if there are indications that goodwill might be impaired.

4. Goodwill *(continued)*

When testing goodwill for impairment, the recoverable amounts of the cash-generating unit, which is mostly represented by a school or campus, are determined using value-in-use calculations. The key assumptions for the value-in-use calculations are discount rates, growth rates and expected future cash flows. Management estimates discount rates using rates that reflect current market assumptions of the time value of money and the risks specific to the cash-generating unit. The growth rates are based on estimated growth in enrolment numbers.

The group and company prepares cash flow forecasts based on the cash-generating unit's budgeted results as approved by the board of directors and extrapolated cash flows for the following years based on the estimated growth rate.

As the group or company integrates acquired learners into existing campuses, the group or company aggregates the cash-generating units for the purposes of performing an impairment assessment.

Impairment tests for cash-generating units containing goodwill are based on the following assumptions:

Group Cash-generating unit	**Discount rate 2012**	Discount rate 2011	**Forecast cash flows 2012**	Forecast cash flows 2011	**Goodwill 2012 R'000**	Goodwill 2011 R'000
Curro schools	**15% p.a.**	15% p.a.	**5 years, 10% growth rate**	10 – 14 years, 10% growth rate	**51 854**	23 798
Aurora College	**15% p.a.**	15% p.a.	**5 years, 10% growth rate**	15 years, 10% growth rate	**15 485**	15 485
Woodhill College	**15% p.a.**	–	**5 years, 10% growth rate**	–	**59 191**	–
Campus and property management company	**15% p.a.**	–	**5 years, 10% growth rate**	–	**22 331**	–
					148 861	39 283
Company						
Curro schools	**15% p.a.**	15% p.a.	**5 years, 10% growth rate**	10 – 14 years, 10% growth rate	**46 111**	18 055
					46 111	18 055

Curro schools consist of the following: Durbanville, Langebaan, Helderwyk, Hermanus, Serengeti, Nelspruit, Polokwane, Embury, Hillcrest, Bloemfontein, Bidi Bidi Nursery School and Rosen Castle.

Aurora College, Woodhill College and Campus and Property Management Company represent the cash-generating units which have been assessed as significant by management in terms of IAS 36 paragraph 134.

All other cash-generating units have been represented in aggregate as required in terms of IAS 36 paragraph 135.

Notes to the audited annual financial statements

for the year ended 31 December 2012 *(continued)*

5. Intangible assets

Group R'000	2012 Cost/ valuation	2012 Accumulated amortisation	2012 Carrying value	2011 Cost/ valuation	2011 Accumulated amortisation	2011 Carrying value
Trademarks	**18 555**	**(114)**	**18 441**	–	–	–
Curriculum development	**2 610**	**(58)**	**2 552**	–	–	–
Learner enrolments	**51 127**	**(4 560)**	**46 567**	6 366	(926)	5 440
Total	**72 292**	**(4 732)**	**67 560**	6 366	(926)	5 440
Company						
Trademarks	**3 661**	**(60)**	**3 601**	–	–	–
Curriculum development	**2 610**	**(58)**	**2 552**	–	–	–
Learner enrolments	**26 331**	**(2 365)**	**23 966**	4 031	(667)	3 364
Total	**32 602**	**(2 483)**	**30 119**	4 031	(667)	3 364

Reconciliation of intangible assets

Group – 2012	Opening balance R'000	Additions through business combinations R'000	Internally generated R'000	Amortisation R'000	Total R'000
Trademarks	**–**	**18 555**	**–**	**(114)**	**18 441**
Curriculum development	**–**	**–**	**2 610**	**(58)**	**2 552**
Learner enrolments	**5 440**	**44 419**	**–**	**(3 292)**	**46 567**
	5 440	**62 974**	**2 610**	**(3 464)**	**67 560**
Company – 2012					
Trademarks	**–**	**3 661**	**–**	**(60)**	**3 601**
Curriculum development	**–**	**–**	**2 610**	**(58)**	**2 552**
Learner enrolments	**3 364**	**22 301**	**–**	**(1 699)**	**23 966**
	3 364	**25 962**	**2 610**	**(1 817)**	**30 119**

6. Investments in subsidiaries

Name of company	Holding 2012 %	Holding 2011 %	Carrying amount 2012 R'000	Carrying amount 2011 R'000
Curro Langebaan (Pty) Ltd	**100,00**	100,00	**–**	6 000
Aurora College (Pty) Ltd	**100,00**	100,00	**22 162**	22 162
Plot One Hundred Bush Hill (Pty) Ltd	**100,00**	100,00	**21 338**	21 338
Woodhill College (Pty) Ltd	**100,00**	–	**42 685**	–
Woodhill College Property Holdings (Pty) Ltd	**100,00**	–	**140 000**	–
Campus and Property Management Company (Pty) Ltd	**65,00**	–	**–**	–
			226 185	49 500
Impairment of investment in subsidiaries			**–**	(6 000)
			226 185	43 500

The carrying amounts of subsidiaries are shown net of impairment losses. All subsidiaries are incorporated in the Republic of South Africa.

Loans to/(from) subsidiaries are shown separately in note 7.

7. Loans to/(from) related parties

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
Subsidiaries				
Aurora College (Pty) Ltd	**–**	–	**20 110**	7 703
The loans are interest free, unsecured and there are no fixed terms of repayment.				
Woodhill College (Pty) Ltd	**–**	–	**(13 395)**	–
The loans are interest free, unsecured and there are no fixed terms of repayment.				
Campus and Property Management Company (Pty) Ltd	**–**	–	**13 173**	–
The loans are interest free, unsecured and there are no fixed terms of repayment.				
Meridian College NPC	**–**	–	**1 347**	–
The loans are interest free, unsecured and there are no fixed terms of repayment.				
Campus and Property Management Company (Pty) Ltd	**–**	–	**2 438**	–
The loan bears interest at rates ranging from 4% to 10% linked to three-month JIBAR rate. The loan has a 15-year repayment term.				
	–	–	**23 673**	7 703
Other related parties				
PSG Corporate Services (Pty) Ltd	**(5 033)**	(38 686)	**(5 033)**	(38 686)
The unsecured loan bears interest at the prime plus 4% per annum and has no fixed terms of repayment.				
Non-current assets	**–**	–	**2 438**	–
Current assets	**–**	–	**35 357**	7 703
Current liabilities	**(5 033)**	(38 686)	**(19 155)**	(38 686)
	(5 033)	(38 686)	**18 640**	(30 983)

Notes to the audited annual financial statements

for the year ended 31 December 2012 *(continued)*

8. Deferred tax

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
Deferred tax asset/(liability)				
Fixed assets	**(97 309)**	(21 240)	**(55 008)**	(14 234)
Income received in advance	**9 321**	4 187	**6 882**	3 669
Operating lease liability	**–**	(2)	**–**	(2)
Provision for doubtful debts	**822**	373	**714**	355
Prepaid expenditure	**(494)**	(216)	**(370)**	(188)
Intangible assets	**(17 717)**	(4 606)	**(7 525)**	(1 029)
Tax losses available for offset against future taxable income	**21 048**	11 311	**21 048**	11 311
	(84 329)	(10 193)	**(34 259)**	(118)
Reconciliation of deferred tax asset/(liability)				
At beginning of the year	**(10 193)**	1 578	**(118)**	1 719
Increase in tax losses available for offset against future taxable income	**9 737**	8 590	**9 737**	**8 590**
Originating temporary difference on prepaid expenditure	**(278)**	(216)	**(182)**	(188)
Originating temporary difference on fixed assets	**(76 069)**	(17 943)	**(40 774)**	(11 291)
Originating temporary difference on intangible assets	**(13 111)**	(4 606)	**(6 496)**	(1 029)
Originating temporary difference on income received in advance	**5 134**	2 095	**3 213**	**1 788**
Reversing temporary difference on operating lease liability	**2**	(12)	**2**	(12)
Originating temporary difference on provision for doubtful debts	**449**	321	**359**	305
	(84 329)	(10 193)	**(34 259)**	(118)

Deferred tax rates

The deferred tax rate applied on the commercial property allowance and all other temporary differences is 18.5% to 28%.

9. Trade and other receivables

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
Gross receivable	**22 532**	6 474	**18 852**	6 041
Provision for impairment	**(3 911)**	(1 779)	**(3 400)**	(1 693)
Trade receivables	**18 621**	4 695	**15 452**	4 348
Employee costs in advance	**–**	38	**–**	32
Prepayments	**3 475**	525	**3 008**	424
Deposits	**571**	7 578	**571**	7 578
VAT	**5 061**	–	**–**	–
	27 728	12 836	**19 031**	12 382

No interest is charged on overdue accounts.

9. Trade and other receivables *(continued)*

Credit periods may vary widely based on special payment agreements reached with parents of learners but as standard all fees should be settled within 30 days.

No credit insurance is taken out by the group or company.

The net carrying values of receivables are considered to be a close approximation of their fair values.

Trade receivables past due but not impaired

Company

Trade receivables with renegotiated terms of payment or with acceptable payment history are not considered to be impaired. At 31 December 2012, R10,2 million (2011: R1,7 million) were past due but not impaired.

Group

Trade receivables with renegotiated terms of payment or with acceptable payment history are not considered to be impaired. At 31 December 2012, R8,6 million (2011: R1,7 million) were past due but not impaired.

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

	Group		Company	
	2012 R'000	2011 R'000	**2012 R'000**	2011 R'000
1 month past due	**3 830**	533	**3 090**	533
2 months past due	**1 957**	435	**1 706**	406
3+ months past due	**4 402**	756	**3 845**	722
	10 189	1 724	**8 641**	1 661

Trade receivables impaired

Company

As at 31 December 2012, trade receivables of R3,4 million (2011: R1,7 million) were provided for.

Group

As at 31 December 2012, trade receivables of R3,9 million (2011: R1,8 million) were provided for.

	Group		Company	
	2012 R'000	2011 R'000	**2012 R'000**	2011 R'000
Reconciliation of provision for impairment of trade and other receivables				
Opening balance	**1 779**	250	**1 693**	240
Provision for impairment	**2 132**	1 529	**1 707**	1 453
	3 911	1 779	**3 400**	1 693

10. Cash and cash equivalents

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
Cash and cash equivalents consist of:				
Cash on hand	**3 569**	416	**1 546**	415
Bank balances	**24 777**	9 361	**16 527**	8 213
Short-term deposits	**60**	60	**60**	60
Other cash and cash equivalents	**98**	–	**98**	–
Bank overdraft	**(74 540)**	–	**(74 487)**	–
	(46 036)	9 837	**(56 256)**	8 688
Current assets	**28 504**	9 837	**18 231**	8 688
Current liabilities	**(74 540)**	–	**(74 487)**	–
	(46 036)	9 837	**(56 256)**	8 688

The securities for the banking facilities and long-term funding are as follow:

- Securities over Erf 13748 Durbanville, held under Title Deed: T30788/2001:
  - Continuous covering mortgage bonds for R69 100 000
  - Cession of lease agreement
- Securities over Erf 103 Tijger Valley Ext 9, held under Title Deed: T102419/2007:
  - Continuous covering mortgage bonds for R38 310 000
- Securities over Erf 989 & 990 Tiger Valley Ext 66, held under Title Deed: T71955/2010 & T2861/2010
- Unlimited suretyship by Curro Langebaan (Pty) Ltd, including loan account
- Bond over all moveable assets for R1 500 000
- Bond over moveable assets at Pretoria Campus for R2 000 000
- A cession in securitatem debiti by the borrower of rights in and to leases and rentals in respect of properties and insurances
- A cession in securitatem debiti by the borrower of rights in and to revenues
- Limited suretyship of R40 000 000 by Aurora College (Pty) Ltd including cession of loan account
- Unlimited joint and several suretyships (incorporating cession of claims or loan accounts) by:
  Plot One Hundred Bush Hill (Pty) Ltd
  Stratland Developments (Pty) Ltd
  Dream Park Village (Pty) Ltd

10. Cash and cash equivalents *(continued)*

Negotiations are currently underway to replace all above suretyships with the following:

- Unlimited cross guarantees by Curro Holdings Ltd and the following:
  - Plot One Hundred Bush Hill (Pty) Ltd
  - Stratland Developments (Pty) Ltd
  - Dream Park Village (Pty) Ltd
  - Aurora College (Pty) Ltd
  - Curro Langebaan (Pty) Ltd
- Letter of Undertaking by PSG Financial Services Ltd that they will take up their rights in terms of a rights issue during the first half of 2013
- Negative pledge in terms of all assets including Woodhill College Property Holdings (Pty) Ltd

	Group		Company	
	2012 R'000	2011 R'000	**2012 R'000**	2011 R'000
The total amount of facilities available for future operating activities and commitments	**90 900**	145 965	**90 900**	145 965

11. Share capital

Authorised				
400 000 000 (2011: 200 000 000) Ordinary shares with no par value				
Reconciliation of number of ordinary shares issued:				
Reported as at 1 January 2012	**161 214**	80 407	**161 214**	80 407
Issue of shares	**79 214**	80 807	**79 214**	80 807
	240 428	161 214	**240 428**	161 214
Issued				
240 428 326 (2011: 161 214 080) Ordinary shares with no par value	**843 710**	369 787	**843 710**	369 787

The unissued shares are under the control of the board of directors who has the authority to issue and allot shares at its discretion.

Notes to the audited annual financial statements

for the year ended 31 December 2012 *(continued)*

12. Share-based payments

12.1 Details of the employee share option plan of the company

Curro has established a share incentive scheme for certain key members of management.

The following share-based payment arrangement came into place in the current year:
Each employee's share option converts into one ordinary share of the company on exercise.

No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights.

Options may be exercised at any time from the date of vesting to the date of their expiry.
The following awards have been made in terms of the share incentive scheme:

Shares awarded vest over a five-year period from the grant date, namely:

- 25% thereof as at the second anniversary of the option grant date;
- 25% thereof as at the third anniversary of the option grant date;
- 25% thereof as at the fourth anniversary of the option grant date; and
- 25% thereof as at the fifth anniversary of the option grant date.

12.2 Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	2012		2011	
	Number of options	**Weighted average exercise price R**	Number of options	Weighted average exercise price R
Outstanding at the beginning of the year	**4 261 704**	**5,93**	–	–
Granted during the year	**979 888**	**17,10**	4 261 704	5,93
Forfeited during the year	**–**	**–**	–	–
Exercised during the year	**–**	**–**	–	–
Expired during the year	**–**	**–**	–	–
Outstanding at the end of the year	**5 241 592**	**8,02**	4 261 704	5,93

12. Share-based payments *(continued)*

12.2 Movements in share options during the year *(continued)*

Details of share options granted to directors:

Director	Opening balance of share options awarded at 1 January 2012	Number of share options awarded during the year	Number of share options exercised during the year	Strike price per share options awarded	Exercise price per share option (Rand)	Date share option granted	Closing balance of share options as at 31 December 2012
Dr CR van der Merwe	843 167	–	–	5,93	–	2011/09/29	843 167
	–	187 557	–	17,10	–	2012/09/29	187 557
	843 167	187 557	–				1 030 724
Mr AJF Greyling	720 914	–	–	5,93	–	2011/09/29	720 914
	–	142 523	–	17,10	–	2012/09/29	142 523
	720 914	142 523	–				863 437
Mr B van der Linde	409 383	–	–	5,93	–	2011/09/29	409 383
	–	95 226	–	17,10	–	2012/09/29	95 226
	409 383	95 226	–				504 609
Mr HG Louw	491 737	–	–	5,93	–	2011/09/29	491 737
	–	99 546	–	17,10	–	2012/09/29	99 546
	491 737	99 546	–				591 283
	2 465 201	524 852	–				2 990 053

12. Share-based payments *(continued)*

12.2 Movements in share options during the year *(continued)*

	%
Vesting of shares occurs as follows:	
2 years after grant date	25
3 years after grant date	25
4 years after grant date	25
5 years after grant date	25
	100

Vesting year	Number of options	Weighted average strike price
29 September 2013	1 076 111	5,93
29 September 2014	1 310 398	7,93
29 September 2015	1 310 398	7,93
29 September 2016	1 310 398	7,93
29 September 2017	234 287	17,10
	5 241 592	

12.3 Share options exercised during the year

No share options were exercised during the year.

12.4 Assumptions used in fair value

The company used the following assumptions in determining the fair value of options granted in the current period:

	2012	2011
Strike price	**17,10**	5,93
Current share price	**17,10**	5,93
Expected option life	**1**	1
Volatility	**54,3%**	39,4%
Risk free rate	**5,3%**	6,4%
Dividend yield	**0,0%**	0,0%

13. Loans and other financial liabilities

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
Held at amortised cost				
FirstRand Bank Ltd	**60 000**	–	**60 000**	–
The secured loan bears interest at prime plus 0,5% per annum, repayable in monthly instalments over 10 years. Secured by land and buildings as disclosed in note 3.				
Absa Bank Ltd	**123 849**	120 115	**116 417**	120 115
The secured loans bear interest at rates varying from 7,55% to 9,50% per annum, payable in monthly instalments ranging from R75 270 to R453 699. Secured as disclosed in note 10.				
Absa Bank Ltd – Instalment sale agreements	**29 578**	9 322	**29 373**	9 181
The secured loans bear interest at various prime linked rates, payable in monthly instalments ranging from R1 105 to R115 800. Secured by fixed assets as disclosed in note 3.				
Standard Bank Ltd – Instalment sale agreement	**9 494**	–	**9 494**	–
The secured loan bears interest at 0,5% below prime, payable in monthly instalments of R191 840. Secured by fixed assets as disclosed in note 3.				
Standard Bank Ltd	**100 000**	–	**100 000**	–
The loan bears interest at 3,3% plus three-month JIBAR rate, payable in full at the end of March 2013. Interest is serviced quarterly.				
Schools and Education Investment Impact Fund of South Africa (SEIIFSA)	**20 579**	–	**–**	–
The loan bears interest at various rates from 4% to 10% linked to three-month JIBAR rate. The loan has a 15-year repayment term.				
Old Mutual Investment Group (Pty) Ltd	**2 121**	–	**–**	–
The loan bears interest at various rates from 4% to 10% linked to three-month JIBAR rate. The loan has a 15-year repayment term.				
Mnandi Property Developments (Pty) Ltd	**1 670**	2 552	**1 670**	2 552
The secured loan is amortised at 13,81% and is repayable in monthly instalments over three years starting August 2011. Secured by land and buildings as disclosed in note 3.				
Debentures – Fixed fee	**200**	200	**200**	200
The debenture is interest free in exchange for a fixed school fee of R17 000 per annum for 12 years. The capital is repayable on 27 August 2021.				
Debentures – Interest offset	**423**	423	**423**	423
The debentures bear interest at prime plus 2,5% per annum, with the option to either capitalise the interest or have it offset against school fees. The initial amount plus any capitalised interest is repayable on 27 August 2014.				

13. Loans and other financial liabilities *(continued)*

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
Debentures – Prepaid block	**13 604**	2 095	**1 972**	2 095
The debentures are interest free and are repaid through setoff against annual school fees over period.				
	361 518	134 707	**319 549**	134 566
Non-current liabilities				
At amortised cost	**236 243**	122 416	**195 609**	122 275
Current liabilities				
At amortised cost	**125 275**	12 291	**123 940**	12 291
	361 518	134 707	**319 549**	134 566

Reconciliation between the total minimum lease payments and the present value of instalment sale agreements (finance leases)

Group – 2012	**Up to 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Minimum lease payments	**14 139**	**31 849**	**–**	**45 988**
Finance cost	**(2 983)**	**(3 933)**	**–**	**(6 916)**
	11 156	**27 916**	**–**	**39 072**
Company – 2012				
Minimum lease payments	**14 023**	**31 744**	**–**	**45 767**
Finance cost	**(2 972)**	**(3 928)**	**–**	**(6 900)**
	11 051	**27 816**	**–**	**38 867**
Group – 2011				
Minimum lease payments	4 024	6 822	–	10 846
Finance cost	(842)	(682)	–	(1 524)
	3 182	6 140	–	9 322
Company – 2011				
Minimum lease payments	3 909	6 784	–	10 693
Finance cost	(772)	(740)	–	(1 512)
	3 137	6 044	–	9 181

14. Trade and other payables

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
Accrued expenses	**17 529**	12 283	**12 249**	11 036
Trade payables	**1 486**	328	**1 307**	48
Income received in advance	**34 864**	16 524	**24 575**	13 102
Other payables	**36 660**	9 039	**36 660**	9 039
Entrance deposits	**3 806**	4 990	**–**	410
	94 345	43 164	**74 791**	33 635

Credit periods vary widely, but ordinarily the group and company does not make use of trade credit facilities. Unpaid amounts accrue until settled.

The group has credit risk policies in place to ensure that all payables are paid within the agreed terms.

15. Revenue

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
Registration and tuition fees	**345 187**	160 963	**235 087**	118 926
Aftercare income	**9 736**	5 076	**6 490**	3 336
Fund-raising projects	**963**	259	**150**	259
	355 886	166 298	**241 727**	122 521
The amount of revenue consists of the following:				
Revenue	**381 593**	178 207	**259 794**	130 857
Discount granted	**(25 707)**	(11 909)	**(18 067)**	(8 336)
	355 886	166 298	**241 727**	122 521

16. Earnings before interest and taxation

Earnings before interest and taxation for the year is stated after accounting for the following:				
Operating lease charges				
Premises				
• Contractual amounts	**2 542**	946	**1 226**	946
Equipment				
• Contractual amounts	**5 993**	3 444	**5 268**	3 075
	8 535	4 390	**6 494**	4 021
Profit on sale of property, plant and equipment	**125**	105	**125**	–
Impairment of investment in subsidiaries	**–**	–	**–**	6 000
Amortisation of intangible assets	**3 464**	742	**1 817**	483
Depreciation of property, plant and equipment	**14 340**	5 962	**12 924**	5 698
Employee costs	**223 160**	118 251	**167 230**	88 637
Amount expensed in respect of retirement benefit plans:				
Company contributions defined-contribution plans	**9 790**	2 221	**5 808**	1 665

The impairment of the investment in the subsidiary is a result of the subsidiary becoming dormant and no longer trading.

17. Investment revenue

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
Interest revenue				
Bank	**960**	796	**520**	787
Interest charged on trade and other receivables	**542**	409	**497**	379
Other interest	**–**	232	**–**	232
	1 502	1 437	**1 017**	1 398

18. Finance costs

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
Related parties	**574**	9 866	**574**	9 866
Loans and other financial liabilities	**31 479**	13 073	**30 450**	13 073
Bank	**1 594**	251	**1 594**	251
Trade and other payables	**13**	639	**11**	588
Less: Interest capitalised	**(17 042)**	(9 444)	**(16 619)**	(9 444)
	16 618	14 385	**16 010**	14 334

Capitalisation rates used during the period was 12,40% on general borrowings for capital projects.

Company
Total interest expense, calculated using the effective interest rate, on financial instruments not through profit or loss amounted to R16,619 million (2011: R9,444 million).

Group
Total interest expense, calculated using the effective interest rate, on financial instruments not through profit or loss amounted to R17,042 million (2011: R9,444 million).

19. Taxation

Major components of the tax expense (income)

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
Current				
Local income tax – current period	**6 327**	1 615	**–**	–
Local income tax – recognised in current tax for prior periods	**(507)**	–	**–**	–
	5 820	1 615	**–**	–
Deferred				
Originating and reversing temporary differences	**(247)**	(3 382)	**1 233**	(2 964)
	5 573	(1 767)	**1 233**	(2 964)

19. Taxation *(continued)*

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate.				
	%	%	%	%
Standard rate	**28,0**	28,0	**28,0**	28,0
Non-deductible expenditure	**7,7**	(2,2)	**(185,9)**	(10,3)
Non-taxable income	**–**	–	**–**	1,2
Deferred taxation not recognised	**–**	(6,5)	**–**	(2,6)
Prior year tax correction – deferred tax	**(5,7)**	–	**232,0**	–
Prior year tax correction – current	**(2,5)**	–	**6,8**	–
	27,5	19,3	**80,9**	16,3

Company

No provision has been made for 2012 normal tax as the company has an assessed loss. The estimated tax loss available for set off against future taxable income is R75,2 million (2011: R40,9 million).

20. Auditor's remuneration

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
Audit fees				
Current year audit fees	**599**	334	**384**	252
Previous year under accrual	**15**	–	**16**	–
Assurance-related services	**–**	530	**–**	530
Accounting fees	**–**	–	**–**	–
Tax and secretarial services	**–**	–	**–**	–
	614	864	**400**	782

21. Operating lease

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
Total of future minimum lease payments for each of the following periods:				
Premises				
Within 1 year	**2 163**	913	**1 394**	913
Within 2 to 5 years	**823**	–	**–**	–
	2 986	913	**1 394**	913
Equipment				
Within 1 year	**2 375**	1 773	**1 703**	1 484
Within 2 to 5 years	**7 522**	5 245	**4 886**	4 161
	9 897	7 018	**6 589**	5 645

22. Earnings per share

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
Basic earnings/(loss) per share				
From continuing operations (cents per share)	**7,1**	(6,2)		
Basic earnings/(loss) per share was based on earnings of R15,104 million (2011: R7,404 million loss) and a weighted average number of ordinary shares of 213,0 million (2011: 137,0 million).				
Reconciliation of profit/(loss) for the year to basic earnings/(loss)				
Profit/(loss) for the year attributable to equity holders of the parent	**15 104**	(7 404)		
Diluted earnings/(loss) per share				
From continuing operations (cents per share)	**7,0**	(6,2)		
Diluted earnings/(loss) per share was based on earnings of R15,104 million (2011: R7,404 million earnings) and a weighted average number of ordinary shares of 215,5 million (2011: 138 million).				
Reconciliation of basic earnings/(loss) to earnings used to determine diluted earnings/(loss) per share				
Basic earnings/(loss)	**15 104**	(7 404)		
Headline earnings/(loss) and diluted headline earnings/(loss) per share				
Headline earnings/(loss) per share (cents)	**7,0**	(6,2)		
Diluted headline earnings/(loss) per share (cents)	**7,0**	(6,2)		
Reconciliation between earnings/(loss) and 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		
	15 014	(7 480)		
Reconciliation between diluted earnings/(loss) and diluted 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		
	15 014	(7 480)		

23. Cash generated from operations

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
Profit/(loss) before taxation	**20 250**	(9 171)	**(1 525)**	(18 188)
Adjustments for:				
Depreciation and amortisation	**17 848**	6 704	**14 785**	6 181
Profit on sale of assets	**(125)**	(105)	**(125)**	–
Interest received	**(1 502)**	(1 437)	**(1 017)**	(1 398)
Finance costs	**16 618**	14 385	**16 010**	14 334
Impairment loss	**–**	–	**–**	6 000
Movements in operating lease assets and accruals	**(7)**	(29)	**(7)**	(29)
Share-based payment charge expense	**3 345**	720	**3 345**	720
Changes in working capital:				
Increase in trade and other receivables	**(12 876)**	(5 291)	**(5 590)**	(4 780)
Increase in trade and other payables	**33 426**	19 336	**38 312**	9 747
	76 977	25 112	**64 188**	12 587

24. Tax paid

Balance at the beginning of the year	**(804)**	(63)	**74**	(4)
Current tax for the year recognised in profit or loss	**(5 820)**	(1 615)	**–**	–
Adjustment in respect of businesses sold and acquired during the year	**–**	204	**–**	59
Balance at the end of the year	**928**	804	**(165)**	(74)
	(5 696)	(670)	**(91)**	(19)

25. Business combinations

Specific amounts will be noted below in description if material. The group applies provisional accounting for all business combinations. No adjustments were required from business combinations relating to the previous period.

Business combinations where the entity acquired the equity interest in a subsidiary are reflected in note 26.

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
Aggregated business combinations				
Property, plant and equipment	**98 483**	18 000	**98 043**	39 038
Intangible assets	**29 057**	2 064	**25 962**	2 064
Trade and other receivables	**1 104**	5 260	**1 104**	5 579
Cash and cash equivalents	**803**	2 545	**803**	2 434
Loans and other financial liabilities	**(679)**	(1 963)	**(679)**	(2 583)
Deferred tax	**(33 774)**	(5 095)	**(32 909)**	(4 742)
Contingent liability	**(3 262)**	–	**(3 262)**	–
Trade and other payables	**(2 844)**	(6 580)	**(2 844)**	(7 585)
Total identifiable net assets	**88 888**	14 231	**86 218**	34 205
Goodwill	**50 386**	15 590	**28 056**	15 590
	139 274	29 821	**114 274**	49 795

25. Business combinations *(continued)*

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
Consideration paid				
Cash	**(110 711)**	–	**(108 274)**	(6 076)
Liabilities assumed	**(28 563)**	(29 821)	**(6 000)**	(25 285)
Repayment of loan account	**–**	–	**–**	(18 434)
	(139 274)	(29 821)	**(114 274)**	(49 795)
Net cash outflow on acquisition				
Cash consideration paid	**(110 711)**	(29 821)	**(108 274)**	(49 795)
Cash acquired	**803**	2 545	**803**	2 434
	(109 908)	(27 276)	**(107 471)**	(47 361)

The contingent liability recognised relates to certain costs payable in respect of the property purchased and will be settled within the financial year ending December 2013.

Business combinations included in company and group figures:

Hillcrest Christian Academy
On 1 January 2012, the group acquired the business operations of Hillcrest Christian Academy which resulted in the group obtaining control over Hillcrest Christian Academy. Hillcrest Christian Academy is principally involved in the private school industry.

Goodwill of R3,295 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities. Intangible assets which qualified for separate recognition have also been recognised in compliance with the requirements of IFRS 3.

Excelsior
On 1 January 2012, the group acquired the business operations of Excelsior which resulted in the group obtaining control over Excelsior. Excelsior is principally involved in the private school industry.

Goodwill of R0,711 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities. Intangible assets which qualified for separate recognition have also been recognised in compliance with the requirements of IFRS 3.

Embury College
On 1 March 2012, the group acquired the business operations of Embury College which resulted in the group obtaining control over Embury College. Embury College is principally involved in the private school industry.

Goodwill of R9,020 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities. Intangible assets which qualified for separate recognition have also been recognised in compliance with the requirements of IFRS 3.

A contingent liability of R3,262 million was recognised on acquisition date for the transfer duty payable on the property. The transfer duties were subsequently paid.

25. Business combinations *(continued)*

Bidi Bidi Nursery School

On 1 April 2012, the group acquired the business operations of Bidi Bidi Nursery School which resulted in the group obtaining control over Bidi Bidi Nursery School. Bidi Bidi Nursery School is principally involved in the private school industry.

Goodwill of R1,886 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities. Intangible assets which qualified for separate recognition have also been recognised in compliance with the requirements of IFRS 3.

St Martins

In May 2012 the group acquired the business operations of St Martins which resulted in the group obtaining control over St Martins. St Martins is principally involved in the private school industry.

Goodwill of R0,785 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities. Intangible assets which qualified for separate recognition have also been recognised in compliance with the requirements of IFRS 3.

Rosen Castle

On 1 July 2012, the group acquired the business operations of Rosen Castle which resulted in the group obtaining control over Rosen Castle. Rosen Castle is principally involved in the private school industry.

Goodwill of R12,348 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities. Intangible assets which qualified for separate recognition have also been recognised in compliance with the requirements of IFRS 3.

Campus and Property Management Company (Pty) Ltd

On 1 December 2012, the group acquired via its 65% shareholding in Campus and Property Management Company (Pty) Ltd the business operations of Meridian Community Schools NPC (RF) which resulted in the group obtaining control over Meridian Community Schools NPC (RF). Meridian Community Schools NPC (RF) is principally involved in the private school industry.

Goodwill of R22,331 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities. Intangible assets which qualified for separate recognition have also been recognised in compliance with the requirements of IFRS 3.

Aggregated business combinations occurring after the end of 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.

The value of the assets and liabilities of the business acquired are not available as yet.

These business combinations were entered into as part of the strategic growth plans of the group. Transaction costs have not been finalised.

Financial effect of business combinations

The company and group has not disclosed the revenue and profit and loss from each business combination separately since each combination is immaterial and once integrated with existing operations this information is not collected.

26. Acquisition of subsidiaries (business combination)

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
Fair value of assets acquired				
Property, plant and equipment	**144 168**	41 782	**–**	–
Intangible assets	**33 917**	2 335	**–**	–
Deferred tax liabilities	**(40 609)**	(10 492)	**–**	–
Trade and other receivables	**1 498**	589	**–**	–
Trade and other payables	**(14 113)**	–	**–**	–
Other financial liabilities	**(21 048)**	(9 397)	**–**	–
Cash	**19 680**	3 198	**–**	–
Total net assets acquired	**123 493**	28 015	**–**	–
Net assets acquired	**123 493**	28 015	**–**	–
Goodwill recognised	**59 192**	15 485	**–**	–
	182 685	43 500	**–**	–
Consideration paid				
Cash	**(182 685)**	(43 500)	**(182 685)**	(43 500)
Liabilities assumed	**–**	(9 446)	**–**	–
	(182 685)	(52 946)	**(182 685)**	(43 500)
Net cash outflow on acquisition				
Cash consideration paid	**(182 685)**	(52 946)	**(182 685)**	(43 500)
Cash acquired	**19 680**	3 198	**–**	–
	(163 005)	(49 748)	**(182 685)**	(43 500)

Woodhill College (Pty) Ltd

On 1 April 2012, the group acquired 100% of the equity interest of Woodhill College (Pty) Ltd and 100% of the equity interest of Woodhill College Property Holdings (Pty) Ltd which resulted in the group obtaining control over Woodhill College (Pty) Ltd and Woodhill College Property Holdings (Pty) Ltd. Woodhill College (Pty) Ltd is principally involved in the private school industry. Woodhill College Property Holdings (Pty) Ltd owns the property on which the school is situated.

Goodwill of R59,192 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities, as well as from intangible assets which did not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

The business acquisition contributed R41,978 million to group revenue and generated R12,824 million profit before adjusting for group consolidation entries.

Educatum Management Services (Pty) Ltd and Meridian College NPC (RF)

On 1 April 2012, the group acquired 100% of the equity interest of Educatum Management Services (Pty) Ltd which resulted in the group obtaining control over Educatum Management Services (Pty) Ltd and Meridian College NPC (RF). Meridian College NPC (RF) is principally involved in the private school industry. Educatum Management Services (Pty) Ltd is principally involved in the management of private schools.

Effective 30 November 2012, the business operations of Educatum Management Services (Pty) Ltd and Meridian College NPC was sold to the 65% subsidiary Campus and Property Management Company (Pty) Ltd.

27. Commitments and contingencies

Guarantee in favour of RMB

Curro has provided a guarantee of R10 million plus costs and interest for the completion of the entrance road of the Serengeti Campus that is being constructed by a contractor. The owner of the estate is responsible for this cost, but Curro had to provide a guarantee for the financing.

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
Capital expenditure				
– Contracted	**507 367**	269 500		
– Authorised but not contracted	**38 259**	271 000		
	545 626	540 500		

Any capital expenditure will be financed through the share issue as disclosed in events after the reporting period and borrowing facilities where necessary.

28. Directors' emoluments

	2012					2011
	Salary	**Directors' fees**	**Fees for other services**	**Bonuses**	**Total**	Total
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	R'000
Adv. JA le Roux SC	**–**	**240**	**251**	**–**	**491**	240
Dr CR van der Merwe*	**1 070**	**–**	**–**	**215**	**1 285**	1 244
Mr AJF Greyling*	**1 022**	**–**	**–**	**155**	**1 177**	1 070
Mr B van der Linde*	**969**	**–**	**–**	**180**	**1 149**	865
Mr H Louw*	**856**	**–**	**–**	**822**	**1 678**	697
Mr MC Mehl	**–**	**120**	**–**	**–**	**120**	45
Mr PJ Mouton	**–**	**96**	**–**	**–**	**96**	40
Mr B Petersen	**–**	**138**	**–**	**–**	**138**	45
Mrs SL Botha[1]	**–**	**46**	**–**	**–**	**46**	–
Ms M Vilakazi[2]	**–**	**60**	**–**	**–**	**60**	48
Mr ZL Combi[3]	**–**	**45**	**–**	**–**	**45**	–
	3 917	**745**	**251**	**1 372**	**6 285**	4 294

* Executive directors

(1) Mrs SL Botha was appointed as a director on 9 July 2012.

(2) Ms M Vilakazi resigned as a director on 24 May 2012.

(3) Mr ZL Combi was appointed as a director on 18 August 2012.

Executive directors and prescribed officers have standard employment contracts with the company.

29. Related parties

Relationships

Ultimate holding company	PSG Group Ltd
Holding company	PSG Financial Services Ltd
Subsidiaries	Refer to note 6
Directors	Refer note 7 of directors' report

	Group		Company	
	2012 R'000	2011 R'000	**2012 R'000**	2011 R'000
Related-party balances				
Loan accounts – Owing (to)/by related parties				
PSG Corporate Services (Pty) Ltd	**(5 033)**	(38 686)	**(5 033)**	(38 686)
Related-party transactions				
Interest paid to/(received from) related parties				
Paladin Capital Financial Services (Pty) Ltd	**–**	9 584	**–**	–
PSG Corporate Services (Pty) Ltd	**574**	282	**574**	282
Administration fees paid				
PSG Capital (Pty) Ltd	**5 534**	256	**5 534**	256
Paladin Capital Financial Services (Pty) Ltd	**–**	820	**–**	820
PSG Corporate Services (Pty) Ltd	**223**	211	**223**	211
Share issue costs				
PSG Corporate Services (Pty) Ltd	**1 074**	3 022	**1 074**	3 022
Discounts granted to related parties				
Educator discounts	**7 270**	2 793	**5 096**	2 094
Compensation to directors and other key management				
Short-term employee benefits	**5 289**	3 550	**5 289**	3 550

The group and company does not enter into any trading activities with related parties.

In line with industry practice in the education sector, employees qualify for discount on school fees when their children are enrolled at the school.

Share-based payments are disclosed under note 12.

30. Risk management

The group and company seek to minimise the effects of market risk, credit risk, liquidity risk and cash flow interest rate rise through active management processes. The group and company do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Capital risk management

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

The capital structure of the group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 7, 13, cash and cash equivalents disclosed in note 10, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

There are no externally imposed capital requirements.

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

The gearing ratio at 2012 and 2011 respectively were as follows:

		Group		Company	
		2012	2011	**2012**	2011
Total borrowings		**R'000**	R'000	**R'000**	R'000
Loans from group companies	7	**5 033**	38 686	**5 033**	38 686
Other financial liabilities	13	**361 518**	134 707	**319 549**	134 566
Bank overdraft	10	**74 540**	–	**74 487**	–
		441 091	173 393	**399 069**	173 252
Less: Cash and cash equivalents	10	**(28 504)**	(9 837)	**(19 231)**	(8 688)
Net debt		**412 587**	163 556	**379 838**	164 564
Total equity		**861 718**	369 773	**835 951**	361 441
Total capital		**1 274 305**	533 329	**1 215 789**	526 005
Gearing ratio		**32%**	31%	**31%**	31%

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities.

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

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

30. Risk management *(continued)*

Liquidity risk *(continued)*

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

	Within 1 year	Between 2 and 5 years	Over 5 years
Group			
At 31 December 2012			
Borrowings	**199 815**	**114 198**	**122 045**
Trade and other payables	**94 342**	**–**	**–**
Loan from related party	**5 033**	**–**	**–**
At 31 December 2011			
Borrowings	12 291	72 250	60 777
Trade and other payables	21 648	–	–
Loan from related party	38 686	–	–
Company			
At 31 December 2012			
Borrowings	**198 427**	**103 212**	**92 397**
Trade and other payables	**75 048**	**–**	**–**
Loan from related party	**5 033**	**–**	**–**
At 31 December 2011			
Borrowings	12 291	72 216	60 777
Trade and other payables	20 121	–	–
Loan from related party	38 686	–	–

Interest rate risk

As the group has no significant interest-bearing assets, the group's income and operating cash flows are substantially independent of changes in market interest rates.

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk.

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift.

The scenarios are run only for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on the pre-tax loss of a 1% shift in the interest rate would be a decrease in the profit of R3,527 million (2011: R1,711 million increase in loss) for the group and an increase in the loss of R3,224 million (2011: R1,710 million increase in the loss) for the company.

30. Risk management *(continued)*

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high-quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Due to the long-term nature of the service provided the threat of suspension of said services prove to be a strong factor in encouraging customers to settle their dues. In addition there are certain retention rights that can be effectively used in order to effect performance. The provision raised against trade receivables represent the maximum credit risk the company and group expect.

Foreign currency risk

The group and company do not trade in foreign currency or incur any expenditure in foreign currency and as such have no foreign currency risk.

Market risk

The group and company do not have any exposure to market risks or commodities.

Fair value of financial instruments

The carrying amount of cash and cash equivalents, accounts receivable, loans receivable, trade and other payables and borrowings, approximate their fair values due to the short-term maturities of these assets and liabilities.

31. Going concern

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

32. Events after the reporting period

Subsequent to year-end, the following transactions took place:

- 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.
- Effective 1 January 2013, Curro acquired Embury Institute of Teachers Education (Pty) Ltd for a consideration of R60 million.
- Aurora College (Pty) Ltd and the related property entities acquired will be divisionalised into Curro Holdings Ltd.
- On 22 February 2013, the company announced that it intends to raise R606 million by way of a underwritten renounceable rights offer of 50,5 million new Curro ordinary shares to qualifying shareholders at a subscription price of 1 200 cents per rights offer share, in the ratio of 21 rights offer shares for every 100 Curro ordinary shares held on the rights offer record date, being Friday, 12 April 2013.

There are no other significant events that have occurred since 31 December 2012 that require disclosure in the annual financial statements. The events above do not affect the current financial period.

33. Operating segments

The group operates a number of private schools across South Africa. Its services consist mostly of education and auxiliary services. It does not have any major individual clients. Due to all of the services being education-related and within South Africa it has only one reportable segment. All historical information presented represents the financial information of this single segment.

Notes to the audited annual financial statements

for the year ended 31 December 2012 *(continued)*

34. Range of shareholding

	Shares held 2012		Shares held 2011	
	Number	**%**	Number	%
Range of shareholding				
1 – 500	**367 931**	**0,2**	282 495	0,2
501 – 1 000	**606 939**	**0,3**	680 764	0,4
1 001 – 5 000	**4 844 955**	**2,0**	2 984 653	1,9
5 001 – 10 000	**4 019 357**	**1,7**	2 198 748	1,4
10 001 and over	**230 589 144**	**95,8**	155 067 420	96,1
	240 428 326	**100,0**	161 214 080	100,0
Public and non-public shareholding				
Non-public				
PSG Financial Services Ltd	**138 351 938**	**57,5**	101 729 366	63,1
Directors	**21 371 391**	**8,9**	22 446 414	13,9
Public	**80 704 997**	**33,6**	37 038 300	23,0
	240 428 326	**100,0**	161 214 080	100,0

	Number	**%**
Individual shareholders holding more than 5%		
PSG Financial Services Ltd	**101 729 366**	**63,1**
Thembeka Market Holdings (Pty) Ltd	**21 414 497**	**8,9**
Le Roux Familietrust	**15 500 000**	**6,5**

Notice of annual general meeting

Curro Holdings Limited
Incorporated in the Republic of South Africa
Registration number: 1998/025801/06
Share code: COH
ISIN: ZAE000156253
("**Curro**" or "**the company**")

NOTICE OF ANNUAL GENERAL MEETING OF CURRO SHAREHOLDERS

Notice is hereby given of the annual general meeting of shareholders of Curro to be held at Spier Wine Estate, Baden Powell Drive, Stellenbosch at 10:30 on Friday, 21 June 2013, ("**the AGM**").

Purpose

The purpose of the AGM is to transact the business set out in the agenda below.

Agenda

1. Presentation of the audited annual financial statements of the company, including the reports of the directors and the audit and risk committee for the year ended 31 December 2012.

2. To consider and, if deemed fit, approve, with or without modification, the following ordinary and special resolutions:

Note:
For any of the ordinary resolution numbers 1 to 9 to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For ordinary resolution number 10 to be adopted, more than 75% of the voting rights exercised on such resolution must be exercised in favour thereof.

2.1 Confirmation of appointment of directors

2.1.1 Ordinary resolution number 1

"Resolved that Mrs Santie Botha, being a new appointment to the board of directors, who retires in terms of the memorandum of incorporation of the company and, being eligible and offering herself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Mrs Santie Botha

Santie is currently the Chancellor of Nelson Mandela Metropolitan University and serves on the boards of Imperial Holdings, Tiger Brands, Telkom and Famous Brands. Previously she was an executive director at Absa Bank (1996 to 2003) and the executive director of marketing at MTN from 2003 until the end of 2010. In 2010, Santie received the Business Woman of the Year Award.

2.1.2 Ordinary resolution number 2

"Resolved that Mr Zitulele Luke ("KK") Combi, being a new appointment to the board of directors, who retires in terms of the memorandum of incorporation of the company and, being eligible and offering himself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Mr Zitulele Luke ("KK") Combi

KK is a non-executive director of Curro. After completing his tertiary education at Damelin College, where he studied public relations, KK worked at Old Mutual Life Insurance Company Limited for a year where he was awarded salesman of the year. He then opened a self-service café in Gugulethu followed by his first service station in Gugulethu. In 1994, he developed the R45 million Nyanga Junction Development and in 1995, he developed a R20 million Ultra City Engen 24 One Stop in King William's Town. In 1995, he started Master Currency (Pty) Ltd ("Master Currency"), where he was executive chairman until he concluded a transaction with Thembeka Capital Ltd ("Thembeka") in 2006, staying on at Master Currency as non-executive chairman. In 2006, KK became executive chairman of Thembeka, swopping his stake in Master

Currency for a stake in Thembeka. KK is a member of the Institute of Directors and sits on the boards of various listed and unlisted companies, including the JSE Limited, PSG Group Ltd and PSG Financial Services Ltd. He is also the current chairman of Pioneer Food Group Ltd.

2.1.3 Ordinary resolution number 3

"Resolved that Dr Sibongile Muthwa, being a new appointment to the board of directors, who retires in terms of the memorandum of incorporation of the company and, being eligible and offering herself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Dr Sibongile Muthwa

Dr Muthwa is the Deputy Vice Chancellor: Institutional Support at the Nelson Mandela Metropolitan University in South Africa. Between 2004 and 2010 she served as the director general of the Eastern Cape Provincial Government. Dr Muthwa holds a PhD from the School of Oriental and African Studies (SOAS) as well as a Masters in Development Policy and Planning from the London School of Economics (LSE) which are both part of the University of London in the United Kingdom. She has a distinguished career both in South Africa and the United Kingdom where she has worked in both the development and public sector institutions, as well as in academia.

The reason for ordinary resolution numbers 1 to 3 (inclusive) is that the memorandum of incorporation of the company and, to the extent applicable, the Companies Act 71 of 2008, as amended ("**the Companies Act**"), requires that appointments made by the board must be confirmed by the shareholders.

2.2. Retirement and re-election of directors

2.2.1 Ordinary resolution number 4

"Resolved that Mr Petrus Johannes Mouton, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible and offering himself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Mr Petrus Johannes Mouton

Piet is the chief executive officer of PSG Group. He serves as a non-executive director on the boards of various PSG Group companies including Capitec Bank, PSG Private Equity, PSG Financial Services Ltd and Thembeka Capital Ltd, a black-owned and controlled black economic empowerment investment holding company. He has been active in the investment and financial services industry since 1999.

2.2.2 Ordinary resolution number 5

"Resolved that Mr Barend Petersen, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible and offering himself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Mr Barend Petersen

Barend is a chartered accountant with broad international business experience in mining, finance, auditing, oil industry, energy, government relations, business turnarounds, corporate recovery, consulting and corporate governance. In the past decade Barend has had a wide involvement in the De Beers Family of Companies. Barend is executive chairman of De Beers Consolidated Mines and the chairman of the environment, community, health and safety committee of the De Beers Family of Companies. He also owns a stake in Ponahalo, the black empowerment partner of De Beers Consolidated Mines. He is a director of several companies including being non-executive director of Anglo American South Africa Ltd and Alexander Forbes Group. Barend is the chairman of Sizwe Business Recoveries which he founded in 1997.

The reason for ordinary resolution numbers 4 and 5 is that the memorandum of incorporation of the company and, to the extent applicable, the Companies Act requires that a component of the non-executive directors rotate at the AGM and, being eligible, may offer themselves for re-election as directors.

2.3 Appointment of the members of the audit and risk committee of the company

Note:
For the avoidance of doubt, all references to the audit committee of the company is a reference to the audit committee as contemplated in the Companies Act.

2.3.1 Ordinary resolution number 6
"Resolved that Mr Barend Petersen, being eligible, be and is hereby reappointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

A summary curriculum vitae of Mr Petersen has been included in paragraph 2.2.2 of this notice of AGM.

2.3.2 Ordinary resolution number 7
"Resolved that Dr Sibongile Muthwa being eligible, be and is hereby reappointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

A summary curriculum vitae of Dr Sibongile Muthwa has been included in paragraph 2.1.3 of this notice of AGM.

2.3.3 Ordinary resolution number 8
"Resolved that Mr Zitulele Luke ("KK") Combi, being eligible, be and is hereby reappointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

A summary curriculum vitae of Mr Combi has been included in paragraph 2.1.2 of this notice of AGM.

The reason for ordinary resolution numbers 6 to 8 (inclusive), is that the company, being a public listed company, must appoint an audit committee and the Companies Act requires that the members of such audit committee be appointed, or reappointed as the case may be, at each AGM of the company.

2.4 Reappointment of auditor
Ordinary resolution number 9
"Resolved that Deloitte & Touche be and is hereby reappointed as the auditor of the company for the ensuing year on the recommendation of the audit and risk committee of the company."

The reason for ordinary resolution number 9 is that the company, being a public listed company, must have its financial results audited and such auditor must be appointed or reappointed each year at the AGM of the company, as required by the Companies Act.

2.5 General authority to issue ordinary shares for cash
Ordinary resolution number 10
"Resolved that the directors of the company be and are hereby authorised by way of a general authority, to allot and issue any of the company's unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the Listings Requirements of the JSE Ltd ("**the JSE**"), and subject to the proviso that the aggregate number of ordinary shares able to be allotted and issued in terms

of this resolution, shall be limited to 10% of the issued share capital at the date of the first such issue, provided that:

- the approval shall be valid until the date of the next AGM of the company, provided it shall not extend beyond fifteen months from the date of this resolution;
- the general issues of shares for cash in any one financial year may not exceed in the aggregate 10% of the applicant's issued share capital (number of securities) of that class at the date of the first such issue, it being recorded that ordinary shares issued pursuant to a rights offer shall not diminish the number of ordinary shares that comprise the 10% of the ordinary shares that can be issued in terms of this ordinary resolution;
- for purposes of determining whether the aforementioned 10% has been or will be reached;
  - (i) account must be taken of the dilution effect, in the year of issue of options/convertible securities, by including the number of any equity securities which may be issued in future arising out of the issue of such options/convertible securities; and
  - (ii) the securities of a particular class will be aggregated with the securities that are compulsorily convertible into securities of that class and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible. The number of securities of a class which may be issued shall be based on the number of securities of that class in issue at the date of such application less any securities of the class issued during the current financial year, provided that any securities of that class to be issued pursuant to a rights issue (announced, irrevocable and underwritten) or acquisition (concluded up to the date of application) may be included as though they were securities in issue at the date of application;
- in determining the price at which an issue of shares will be made in terms of this authority the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 trading days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities. The JSE will be consulted for a ruling if the securities have not traded in such 30 business day period;
- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements of the JSE and not to related parties; and
- any such issue will only be securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue."

For listed entities wishing to issue shares for cash (other than issues by way of rights offers and/or in consideration for acquisitions and/or to share incentive schemes which schemes have been duly approved by the JSE and by the shareholders of the company), it is necessary for the board to obtain the prior authority of the shareholders in accordance with the Listings Requirements of the JSE and the memorandum of incorporation of the company. The reason for ordinary resolution number 10 is accordingly to obtain a general authority from shareholders to issue shares for cash in compliance with the Listings Requirements of the JSE and the memorandum of incorporation of the company.

At least 75% of the shareholders present in person or by proxy and entitled to vote at the AGM must cast their vote in favour of this resolution.

3. To consider and, if deemed fit, pass, with or without modification, the following special resolutions:

Note:
For the special resolutions to be adopted, more than 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.

3.1 Remuneration of non-executive directors
Special resolution number 1
"Resolved in terms of section 66(9) of the Companies Act that the company be and is hereby authorised to remunerate its non-executive directors for their services as directors on the basis set out below and on any other basis as may be recommended by the remuneration committee and approved by the board of directors, provided that this authority will be valid until the next AGM of the company."

	Annual fee 2013	Annual fee 2012
Board		
Chairperson of the board	**300 000**	240 000
Board members	**100 000**	90 000
Members of subcommittees		
Audit committee	**35 000**	30 000
Remuneration committee	**6 000**	5 500
Additional fee payable to the chairperson of the subcommittees		
Audit committee	**35 000**	30 000
Remuneration committee	**6 000**	5 500

Notes:

(1) The chairman of the board is not remunerated for serving on subcommittees.

(2) Fees are paid for serving as directors and are not based on meetings attended.

The reason for special resolution number 1 is for the company to obtain the approval of shareholders by way of special resolution for the payment of remuneration to its non-executive directors in accordance with the requirements of the Companies Act.

The effect of special resolution number 1 is that the company will be able to pay its non-executive directors for the services they render to the company as directors without requiring further shareholder approval until the next AGM.

3.2 Inter-company financial assistance

3.2.1 Special resolution number 2: Inter-company financial assistance

"Resolved in terms of section 45(3)(a)(ii) of the Companies Act as a general approval, that the board of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in section 45(1) of the Companies Act) that the board of the company may deem fit to any company or corporation that is related or inter-related ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the Companies Act) to the company, on the terms and conditions and for amounts that the board of the company may determine, provided that the aforementioned approval shall be valid until the date of the next AGM of the company."

The reason for and effect of special resolution number 2 is to grant the directors of the company the authority until the next AGM to provide financial assistance to any company or corporation which is related or inter-related to the company. This means that the company is authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

3.2.2 Special resolution number 3: Financial assistance for acquisition of shares in a related or inter-related company

"Resolved that in terms of section 44(3)(a)(ii) of the Companies Act as a general approval, that the board of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in section 44(1) and 44(2) of the Companies Act), that the board of the company may deem fit to any company or corporation that is related or inter-related to the company ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in any company or corporation that is related or inter-related to the company, on the terms and conditions and for amounts that the board of the company may determine for the purpose of, or in connection with the subscription of any option, or any shares or other securities, issued or to be issued by a related or inter-related company or corporation, or for the purchase of any shares or securities of a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next AGM of the company."

The reason for and effect of special resolution number 3 is to grant the directors the authority until the next AGM to provide financial assistance to any company or corporation which is related or inter-related to the company for the purpose of or in connection with the subscription or purchase of options, shares or other securities in any such related or inter-related company or corporation. This means that the company is authorised, inter alia, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in its subsidiaries. A typical example of where the company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third-party funder requires the company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

3.3 Share repurchases

Special resolution number 4

"Resolved as a special resolution that the company and the subsidiaries of the company be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of section 46 and 48 of the Companies Act, the memorandum of incorporation of the company, the Listings Requirements of the JSE and the requirements of any other stock exchange on which the shares of the company may be quoted or listed, including, inter alia, that:

- the general repurchase of the shares may only be implemented on the open market of the JSE and done without any prior understanding or arrangement between the company and the counterparty;
- this general authority shall only be valid until the next AGM of the company, provided that it shall not extend beyond 15 months from the date of this resolution;
- an announcement must be published as soon as the company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- the general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the company's issued share capital at the time the authority is granted;
- a resolution has been passed by the board of directors approving the purchase, that the company has satisfied the solvency and liquidity test as defined in the Companies Act and that since the solvency and liquidity test was applied there have been no material changes to the financial position of the group;
- the general repurchase is authorised by the company's memorandum of incorporation;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the company's securities have not traded in such five business day period;
- the company may at any point in time only appoint one agent to effect any repurchase(s) on the company's behalf;
- the company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless there is a repurchase programme in place as contemplated in terms of 5.72(h) of the Listings Requirements of the JSE; and
- the company must ensure that its sponsor provides the JSE with the required working capital letters before it commences the repurchase of any shares."

The reason for and effect of special resolution number 4 is to grant the directors a general authority in terms of its memorandum of incorporation and the Listings Requirements of the JSE for the acquisition by the company or by a subsidiary of the company of shares issued by the company on the basis reflected in the special resolution.

In terms of the Listings Requirements of the JSE, any general repurchase by the company must, inter alia, be limited to a maximum of 20% of the company's issued share capital in any one financial year of that class at the time the authority is granted. Furthermore, in terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of a company. For the avoidance of doubt, a pro rata repurchase by the company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Companies Act.

4. Other business
To transact such other business as may be transacted at an AGM or raised by shareholders with or without advance notice to the company.

Information relating to the special resolutions

1. The directors of the company or its subsidiaries will only utilise the general authority to purchase shares of the company as set out in special resolution number 4 to the extent that the directors, after considering the maximum shares to be purchased, are of the opinion that the position of the company and its subsidiaries ("**the Curro Group**") would not be compromised as to the following:
   - the Curro Group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of this AGM and for a period of 12 months after the purchase;
   - the consolidated assets of the Curro Group will at the time of the AGM and at the time of making such determination be in excess of the consolidated liabilities of the Curro Group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the Curro Group;
   - the ordinary capital and reserves of the Curro Group after the purchase will remain adequate for the purpose of the business of the Curro Group for a period of 12 months after the AGM and after the date of the share purchase; and
   - the working capital available to the Curro Group after the purchase will be sufficient for the Curro Group's requirements for a period of 12 months after the date of the notice of the AGM,

   and the directors have passed a resolution authorising the repurchase, resolving that the company has satisfied the solvency and liquidity test as defined in the Companies Act and resolving that since the solvency and liquidity test had been applied, there have been no material changes to the financial position of the Curro Group.

2. The company is not involved in any legal or arbitration proceedings, nor are any proceedings pending or threatened of which the company is aware that may have or have had in the previous 12 months, a material effect on the company's financial position.

3. The directors, whose names appear on pages 18 to 21 of the integrated report, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts that have been made and that the notice contains all information required by the Listings Requirements of the JSE.

VOTING

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretaries of the company ("**the share register**") for purposes of being entitled to receive this notice is Friday, 17 May 2013.

2. The date on which shareholders must be recorded in the share register for purposes of being entitled to attend and vote at this meeting is Friday, 14 June 2013, with the last day to trade being Friday, 7 June 2013.

Notice of annual general meeting *(continued)*

3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the AGM and must accordingly bring a copy of their identity document, passport or drivers' licence to the AGM. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretaries for guidance.

4. Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a member of the Company. A form of proxy, in which are set out the relevant instructions for its completion, is enclosed for the use of a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.

5. The instrument appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretaries of the company at the address given below by not later than 10:30 on Wednesday, 19 June 2013.

6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the AGM in person will need to request their Central Securities Depository Participant ("**CSDP**") or broker to provide them with the necessary authority in terms of the custody agreement entered into between such shareholders and the CSDP or broker.

7. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and the CSDP or broker in the manner and time stipulated therein.

8. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

By order of the board

CURRO HOLDINGS LIMITED

Registered office
8 Monaco Square
14 Church Street
Durbanville, 7550
(PO Box 2436, Durbanville, 7551)

Transfer secretaries
Computershare Investor Services (Pty) Ltd
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Sponsor
PSG Capital (Pty) Ltd
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

Form of proxy

Curro Holdings Limited
Incorporated in the Republic of South Africa
Registration number: 1998/025801/06
Share code: COH
ISIN: ZAE000156253
("**Curro**" or "**the company**")

FORM OF PROXY – FOR USE BY CERTIFICATED AND OWN-NAME DEMATERIALISED SHAREHOLDERS ONLY

For use at the annual general meeting of ordinary shareholders of the Company to be held at Spier Wine Estate, Baden Powell Drive, Stellenbosch at 10:30 on Friday, 21 June 2013, ("**the AGM**").

I/We (Full name in print)

of (address)

Telephone: (Work) area code (   ) Telephone: (Home) area code (   )

Cellphone number:

being the holder of shares in the company, hereby appoint:

1. or failing him/her

2. or failing him/her

3. the chairman of the AGM,

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

	Number of shares		
	In favour of	Against	Abstain
To accept the presentation of the audited annual financial statements			
Ordinary resolution number 1: To confirm the appointment of Mrs SL Botha as director			
Ordinary resolution number 2: To confirm the appointment of Mr ZL Combi as director			
Ordinary resolution number 3: To confirm the appointment of Dr S Muthwa as director			
Ordinary resolution number 4: To re-elect Mr PJ Mouton as director			
Ordinary resolution number 5: To re-elect Mr B Petersen as director			
Ordinary resolution number 6: To reappoint Mr B Petersen as a member of the audit and risk committee of the company			
Ordinary resolution number 7: To reappoint Dr S Muthwa as a member of the audit and risk committee of the company			
Ordinary resolution number 8: To reappoint Mr ZL Combi as a member of the audit and risk committee of the company			
Ordinary resolution number 9: Reappointment of the auditor			
Ordinary resolution number 10: General authority to issue shares for cash			
Special resolution number 1: Remuneration of non-executive directors			
Special resolution number 2: Inter-company financial assistance			
Special resolution number 3:Financial assistance for acquisition of shares in a related or inter-related company			
Special resolution number 4: Share buy back by the company and subsidiaries			

Please indicate your voting instruction by way of inserting the number of shares or by a cross in the space provided.

Signed at on this day of 2013.

Signature(s)

Assisted by (where applicable) (state capacity and full name)

Each Curro shareholder is entitled to appoint one or more proxy(ies) (who need not be shareholder(s) of the company) to attend, speak and vote in his/her stead at the AGM.

Please read the notes on the reverse side hereof.

Notes:

1. A Curro 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 AGM". The person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. A Curro shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the chairman of the AGM, if he/she is the authorised proxy, to vote in favour of the resolutions at the meeting, or any other proxy to vote or to abstain from voting at the meeting as he/she deems fit, in respect of all the shares concerned. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.

3. When there are joint registered holders of any shares, any one of such persons may vote at the meeting in respect of such shares as if he/she was solely entitled thereto, but, if more than one of such joint holders be present or represented at any meeting, that one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member, in whose name any shares stand, shall be deemed joint holders thereof.

4. Forms of proxy must be completed and returned to be received by the transfer secretaries of the company, Computershare Investor Services (Pty) Ltd (PO Box 61051, Marshalltown, 2107), by not later than 10:30 on Wednesday, 19 June 2013.

5. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).

6. 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 AGM.

7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

General information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Private schools and education services
Directors	**Executive** Dr CR van der Merwe Mr AJF Greyling Mr B van der Linde Mr HG Louw **Non-executive** Adv. JA le Roux (Chairman) Mr PJ Mouton **Independent non-executive** Mr B Petersen Mrs SL Botha Mr ZL Combi
Registered office	8 Monaco Square 14 Church Street Durbanville 7550
Business address	8 Monaco Square 14 Church Street Durbanville 7550
Postal address	PO Box 2436 Durbanville 7551
Holding company	PSG Financial Services Limited Incorporated in South Africa
Bankers	Absa Bank Limited First National Bank Limited Standard Bank Limited
Auditor	Deloitte & Touche Registered auditor
Company registration number	1998/025801/06
Level of assurance	These audited annual financial statements have been audited in compliance with the applicable requirements of the Companies Act, No. 71 of 2008.
Preparer	The audited financial statements were compiled under the supervision of: Mr B van der Linde CA(SA), CFA