CURRO

ANNUAL INTEGRATED REPORT

for the year ended **31 December 2015**

CONTENTS

Waterstone College (Gauteng)

HIGHLIGHTS

41 864
Number of learners

110
Number of schools

47
Number of campuses

4 350
Number of employees

2 637
Number of educators

16
Learner/educator ratio

461 312
Building size (m^2)

364
Land size (ha)

ABOUT THIS REPORT

This is our 2015 annual integrated report (the report) which is published for the year ended 31 December 2015 and presents an overview of Curro Holdings Ltd's (Curro) activities, practices, progress, financial and non-financial information.

The report covers relevant aspects of all the operations of Curro. There has been no change in the scope and boundary of this report, relative to previous reports, although the current report has been expanded to include a wider range of information about the company.

There has been no significant change in the size, structure or ownership during the current reporting period other than through organic and acquisitive growth, which forms part of the ongoing vision of the group and which is discussed in more detail on pages 9 and 41 of this report.

There has been no material restatement of information provided in earlier reports.

The information in this report has been selected to cater for the interests of stakeholders who require a broad overview of the present and future direction and prospects of Curro – shareholders, funders, regulators, prospective employees, suppliers and community members, among others. Stakeholders with more in-depth information needs are invited to contact Curro directly or visit our website on www.curro.co.za for further detail.

The report forms part of, and should be read in conjunction with other reports available online on our website.

MATERIALITY

The selection of issues discussed in this report was informed by inputs from a broad spectrum of stakeholders, including among others our employees, our clients, capital providers, regulators and suppliers, and was further reviewed, refined and finalised through engagement with the executive management and board. It also took into account relevant regulation, our key competencies, key risks that the group are exposed to, and above all, the vision and values of our organisation.

FRAMEWORKS AND ASSURANCE

The reporting principles that have been applied in this report were guided by IFRS, the King Report on Corporate Governance for South Africa 2009 (King III) requirements, guidelines of the International Framework for Integrated Reporting and aspects of the Global Reporting Initiative's sustainability reporting guidelines. It also conforms to the statutory and reporting requirements of the South African Companies Act 71 of 2008 and the JSE Listings Requirements.

The board of directors is responsible for this report and have appraised themselves of the materiality, accuracy and balance of disclosures in this report. In addition external assurance was sought for aspects of our reporting from a variety of sources. These include:

- Independent auditors Deloitte & Touche, for our Annual Financial Statements and related financial information.
- Our Sponsor PSG Capital , for certain sections of the report (including the audited financial statements).

For more information, please contact Ronell van Rensburg on +27 21 979 1204.

APPROVAL OF THE 2015 ANNUAL INTEGRATED REPORT

The board of directors of Curro acknowledges its responsibility to ensure the integrity of this report and believes it addresses the material issues of the business and is a fair representation of the integrated performance of the group. The board has therefore approved the 2015 annual integrated report for publication.

On behalf of the board

SL Botha
Chairperson of the board

Dr CR van der Merwe
Chief executive officer

Learners preparing for a scientifically advanced world

Curro's nursery schools aim to inspire young minds to become extraordinary through the unique Curro nursery school curriculum

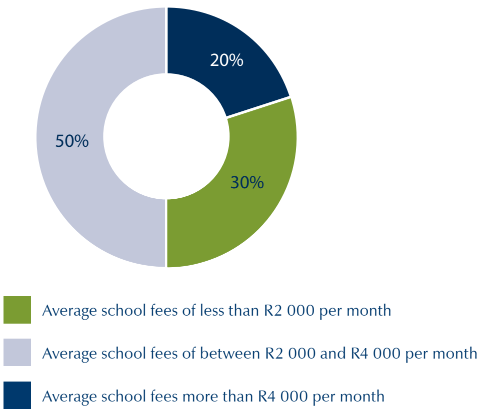
WHO WE ARE

Curro has been a proud provider of education to children since 1998 and believes that education of the youth is a cornerstone for the development of quality leaders and good citizens that will positively impact society. From humble beginnings, Curro today is the largest for profit independent school group in Africa and provides education services to approximately 42 000 learners in 110 schools across South Africa (and most recently Namibia). We have 4 350 employees, of which 2 637 are educators, dedicated to developing our leaders of tomorrow. Curro's vision is to provide 80 campuses (or 200 schools) that can accommodate some 90 000 learners by 2020. We call this our 80@20 vision. Our journey since inception can be found on pages 8 and 9 of this report.

Curro provides the opportunity to learners from all walks of life to obtain quality education. Our product offerings are listed below:

School brand	Maximum class size	Monthly school fees	Additional offerings
Curro and Select schools	25 learners	R1 800 to R7 000	Excellent facilities and a significant number of subject choices and co-curricular activities
Curro Academy and Meridian schools	35 learners	R1 000 to R2 000	Quality facilities, selected subject choices and co-curricular activities
Curro Castles	Care for babies from age three months up to children aged five years	R1 500 to R3 500	Quality facilities, open 7am to 6pm week days, caters for breakfast and lunch for children and "clever play" activities

Proportion of learners per school fee bracket



QUALITY IN EVERYTHING WE DO

Our schools apply 21st century teaching and learning methodology in classrooms which include the active involvement of technology. At the Castles, Curro's in-house developed pre-school curriculum is followed which assists in developing a child's physical, social and emotional being, while also providing a practical framework for both adult-facilitated and self-directed learning, laying the foundation for a child before going to primary school.

Curro considers the written curriculum to be the mainstay of its offering and believes that successful learning takes place if the taught curriculum is received by learners according to the intentions of the written curriculum.

The ancillary services offered by individual schools vary depending on which product offering is chosen and range from boarding facilities, aftercare centres, cafeterias, school transport and activity centres.

Through Curro's wholly owned subsidiary, the Embury Institute for Teacher Education (Pty) Ltd (Institute for Higher Education), we offer accredited teacher education programmes to eligible students wishing to graduate as educators in Early Childhood Education, Foundation Phase and the Intermediate Phase. The Institute for Higher Education is in the process of registering additional products focusing on Grade R, Senior Phase and the FET Phase, BSc, BCom and BA degrees as well as distance teacher education programmes to extend Curro's offering of tertiary education. Refer to page 17 for more detail on the Institute for Higher Education.

Refer to the group performance overview section on page 13 for statistics on the growth in enrolment numbers of learners.

For detail on how mature versus developing schools compare refer to page 40 of this report.

CURRO'S ETHOS AND VALUES

Curro's ethos has remained unchanged since inception. As a group of dedicated and experienced educators, four key principles inform our value system.

They are:

- Child friendliness
- Positive discipline
- Christian ethos
- Creative thinking

Through these principles Curro creates a balanced educational space in which many extramural activities, such as sport and culture, can be enjoyed by learners while not losing sight of the essence of a school, namely successful learning. These components also form the foundation of Curro's ethical standards which is also included in the group's code of ethics.

International golfers from 20 countries, including 70 South African golfers competed at the annual Curro SA Junior International golf tournament at Durbanville Golf Club

STAKEHOLDER ENGAGEMENT

Clients (learners and parents)	Day-to-day engagement takes place between the educator and learner which is viewed as the most important stakeholder engagement of the group. To do this effectively various educational methods and communication programmes are used. In addition to the educator-learner engagement, a corporate communication programme exists to reach out to parents. This programme includes inter alia news updates that are school-specific (celebrating the achievement and success of our learners) and also Curro curriculum, so as to ensure proper engagement takes place between the group and its learners, parents and or guardians (collectively referred to as our clients).
Regulators	Engagement with the regulators takes place within the formalised education management structure and Curro has dedicated employees that communicate and engage with the regulators, including the Department of Education, Umalusi (the Council for quality assurance in education and training), town councils and municipalities.
Investors and funders	The Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Investment Officer (CIO) play important roles in the engagement with the investment communities, shareholders and regulators and undertake regular interactions with these stakeholder groups.
Employees	Engagement with this crucial stakeholder group is covered in the human capital section on page 20 of this report.
Communities	Curro actively engages and supports the communities surrounding each of its schools, as evidenced by our contribution to social projects and bursaries of R27 million for 2015.

Refer to further detail on our stakeholders on page 22 of this report.

ACADEMIC PERFORMANCE

Curro endeavours to supply South Africa with well-rounded citizens. Citizens should be able to serve companies, institutions and industries with relevant skills sets, acquired at school level and subsequently at tertiary institutions or the like. Citizens should serve within all levels of society. Curro welcomes qualifying learners to enrol at its schools or schools managed by it. Curro accommodates slow, medium and fast qualifying learners as Curro acknowledges that people self-actualise at different phases of their lives. It is against this background that Curro is proud of the close to 100% pass rate achieved for the past 16 years.

The Class of 2015 consisted of 1 431 (2014: 1 125) learners who wrote Grade 12 examinations (Independent Examinations Board/National Senior Certificate, whichever relevant) with a sterling performance achieved of 1 411 (2014: 1 072) learners that passed, which is a 98.6% (2014: 95.3%) pass rate. The Grade 12 academic performance is a key indicator of the quality of the education provided by the group. Refer to page 12 for more details on the academic performance of 2015, including statistics on university exemptions and average number of distinctions per learner.

1998

Curro was founded with 28 learners in the **vestry of a church**

1999

Construction of the first campus in Durbanville (Curro Durbanville)

2006

Curro has approximately 900 learners

Construction of the second campus in Langebaan (Curro Langebaan)

2007

Curro Langebaan campus opens

Curro has approximately 1 100 learners

1 600

2008

Opening of the third campus in Hazeldean, Pretoria (Curro Hazeldean)

Curro has more than 1 600 learners

2009

Curro has approximately 2 000 learners

Paladin Capital, a subsidiary of the **PSG Group, acquires a 50% stake in Curro for R50 million**

PSG GROUP LIMITED

2010

Curro has five campuses with approximately 3 000 learners

Curro adopts a strategic growth plan to have 40 campuses by 2020

Paladin Capital acquires another 25% stake in Curro

2011

Curro has 12 campuses with approximately 5 500 learners

In June, **Curro lists on the Alternative Exchange (AltX)** of the JSE with a market capitalisation of approximately R400 million

Curro raised R318 million through a rights offer

JSE

2012

Curro has 19 campuses with approximately 12 000 learners

Raised R476 million through a rights offer

Moved to the Main Board of the JSE

Market capitalisation exceeding R4 billion

2013

Curro acquires Northern Academy and Embury Institute for Teacher Education (Pty) Ltd

Adoption of "80 @ 20" growth strategy, i.e. 80 campuses will be developed by 2020

Curro has 26 campuses with 21 027 learners

Raised R606 million through a rights offer

Listed a domestic medium-term note programme on the JSE

Curro developed five new campuses

Market capitalisation exceeding R8 billion

R1bn

2014

Added 10 new campuses of which eight were constructed and two acquired

Further developed existing schools to the value of approximately R500 million

Reported an annual revenue of R1 billion for the first time

Rights offer of R600 million took place during June

Curro ended the year with 32 campuses and 28 737 learners

2015

Curro started the year with 42 campuses (101 schools) and 35 970 learners

Invested R1 billion in growth and expansion projects

Developed 5 new campuses

Raised R740 million through a rights offer

80@20

2016

Curro started the year with 47 campuses (110 schools) and 41 864 learners

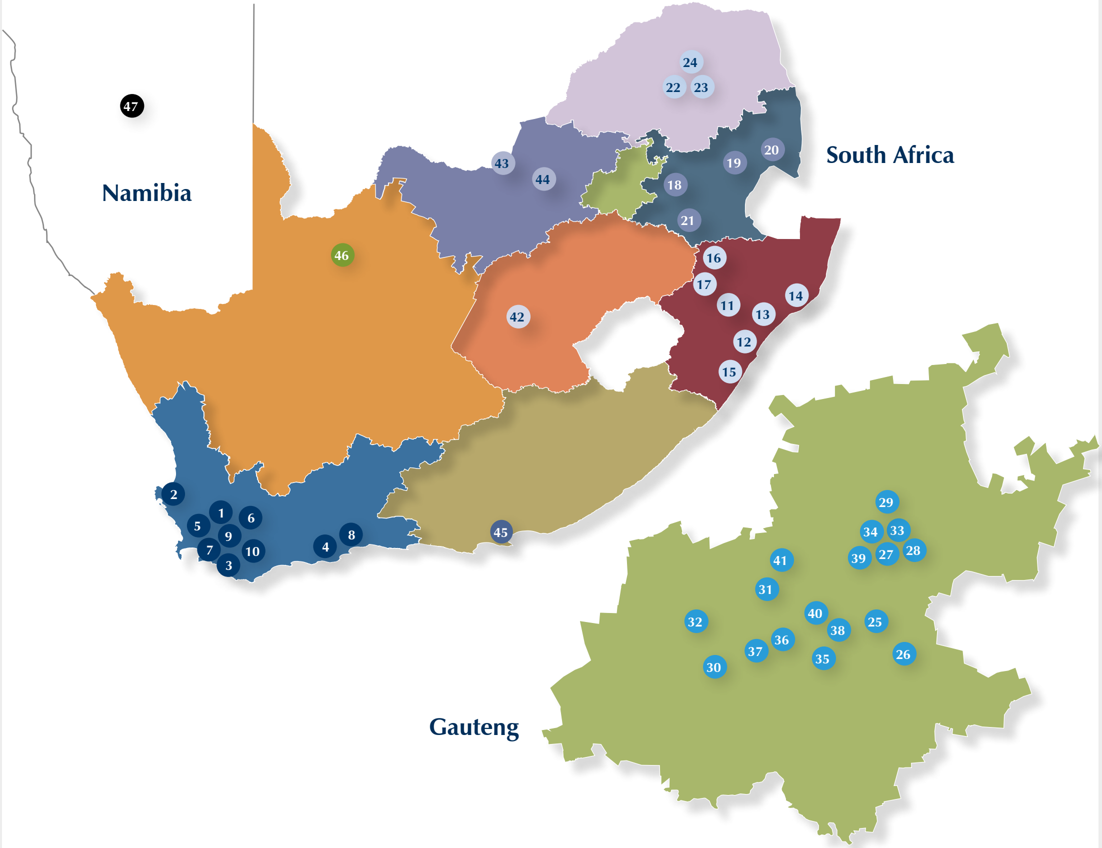
Acquire Windhoek Gymnasium in Namibia

Intends to invest R2 billion in growth and expansion projects

Expand higher education offerings and footprint

More detail on Curro's journey since inception can be found on page 144 of this report.

GEOGRAPHICAL FOOTPRINT BY CAMPUS



Western Cape
1 Curro Durbanville
2 Curro Langebaan
3 Curro Hermanus
4 Curro Mossel Bay
5 Curro Century City (Cape Town)
6 Meridian Pinehurst (Kraaifontein)
7 Rosen Castle (Tyger Valley)
8 Curro Castle George
9 Curro Brackenfell
10 Curro Sitari (Somerset West)

KwaZulu-Natal
11 Curro Hillcrest
12 Curro Embury College (Durban)
13 Curro Mount Richmore (Ballito)
14 Grantleigh (Empangeni)
15 Institute for Higher Education (Durban)
16 Meridian Newcastle
17 St Dominics (Newcastle)

Mpumalanga
18 Curro Bankenveld (Witbank)
19 Curro Nelspruit
20 Meridian Karino (Nelspruit)
21 Curro Secunda

Limpopo
22 Curro Heuwelkruin (Polokwane)
23 Meridian Northern Academy I (Polokwane)
24 Meridian Northern Academy II (Polokwane)

Gauteng
25 Curro Serengeti (Kempton Park)
26 Curro Helderwyk (Brakpan)
27 Curro Hazeldean (Pretoria)
28 Curro College Hazeldean (Pretoria)
29 Curro Roodeplaat
30 Curro Aurora (Randburg)
31 Curro Thatchfield (Centurion)
32 Curro Krugersdorp
33 Curro Academy Pretoria
34 Woodhill College (Pretoria)
35 Waterstone College (Johannesburg South)
36 Curro Castle Bryanston
37 Curro Castle Douglasdale
38 Curro Castle Waterfall

Gauteng
39 Curro Academy Soshanguve
40 Meridian Cosmo City
41 Curro Monaghan

Free State
42 Curro Bloemfontein

North West
43 Curro Academy Mahikeng
44 Meridian Rustenburg

Eastern Cape
45 Curro Westbrook (Port Elizabeth)

Northern Cape
46 Curro Kathu

Namibia
47 Windhoek Gymnasium

Curro Brackenfell and Curro Castle Brackenfell opened their doors in 2015

Learner demographics

64%

Black

36%

White

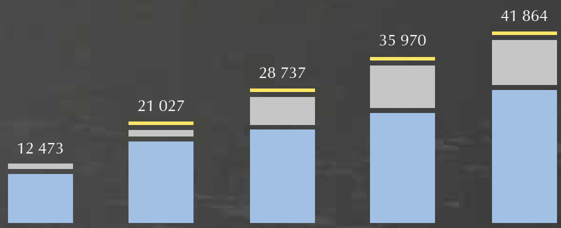
Academic results

	IEB	vs	NSC*
Number of learners	724		707
Pass rate	99%		98%
University exemption	82%		57%
Average number of A's per learner	1.1		0.6
Average > 60%	69%		43%

IEB *Independent Examinations Board*
NSC *National Senior Certificate*

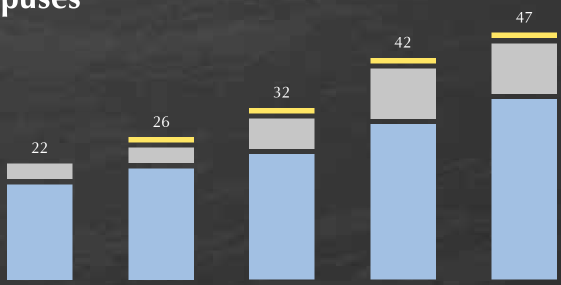
Note:
* Meridian and Curro Academy Schools

Number of learners



	2012	2013	2014	2015	2016
Institute for Higher Education	–	800	800	800	800
Meridian and Curro Academy Schools	1 200	1 401	6 389	10 787	12 022
Curro	11 273	18 826	21 548	24 383	29 042
Total	12 473	21 027	28 737	35 970	41 864

Number of campuses



	2012	2013	2014	2015	2016
Institute for Higher Education	–	1	1	1	1
Meridian and Curro Academy Schools	3	3	6	10	10
Curro	19	22	25	31	36
Total	22	26	32	42	47

Key performance indicators for the years ended 31 December

	2011	2012	2013	2014	2015	CAGR
Profitability						
Revenue (R million)	170	366	659	1 001	1 384	69%
Employee costs (R million)	118	222	386	550	738	58%
EBITDA (R million)	10	53	114	191	292	132%
Profit attributable to ordinary shareholders (R million)	(7)	15	37	55	98	88%
Earnings per share (cents)	(6.2)	7.1	12.9	17.5	28.2	58%
EBITDA margin (%)	6%	14%	17%	19%	21%	38%
Statement of financial position						
Total assets (R million)	597	1 484	2 634	4 073	5 079	71%
Interest-bearing liabilities (R million)	168	346	817	1 399	1 583	75%
Equity (R million)	370	862	1 563	2 211	3 081	70%
Net asset value per share (cents)	229.4	358.2	529.2	679.1	865.3	39%
Capital investment (R million)						
- Current campuses	80	223	602	651	646	
- New campuses	175	237	242	482	369	
- Acquisitions	73	322	232	172	15	
Total capital investment	328	782	1 076	1 305	1 030	

Curro Sitari (Somerset West)

Value distribution 2015 (R million)

Value distribution 2014 (R million)

WHY INVEST IN CURRO?

Strong demand and potential for the product

The majority of parents would like to give their children the best opportunities in life and a quality education is very much associated with that. In South Africa, the government sector has a significant backlog in the provision of schooling as a result of historical reasons and the majority of its resources are applied to rural areas and under-developed areas where the greatest need exists. Newly developed middle and upper income residential areas seldom receive a new government school. Huge demand puts significant pressure on capacity at existing schools, with no learner being denied access unless numbers have reached the 40 learners per class cap.

We believe the abovementioned challenges positive dynamics for the independent school sector to grow significantly.

Market information	Number of learners (million)	As % of total
Total number of learners in South Africa [1]	12.9	–
Number of learners that can afford some form of private schooling	2.3	18%[2]
Global average number of learners in independent schools	1.7	13%[3]
Assumed average number of learners	2.0	15%
Number of learners in independent schools in South Africa	(0.5)	(4%)[1]
A possible market potential	1.5	12%
Required number of schools at an average of 1 500 learners per school	991	

References

[1] 2015 School Realities (Published October 2015) www.education.gov.za

[2] Learners in LSM9+

[3] United Nations Educational Scientific and Cultural Organisation (UNESCO)

Based on the facts above, Curro estimates that there is potential for an additional 1.5 million learners to attend independent schools, implying that up to 1 000 new independent school campuses of 1 500 learners each may need to be established.

Curro's vision is to have at least 80 campuses or 200 schools by 2020 – a growth of an additional 33 campuses from the existing 47 campuses. Despite the substantial growth envisioned, Curro's market share will still only represent approximately 3.3% of the total market.

High barriers to entry for new participants

Several significant barriers to entry exist in the market for prospective new entrants with the most notable being:

- Curro has been in existence since 1998 and is a trusted brand, built on a long track record of academic excellence.
- Curro has a proven, affordable model for independent schooling, which is different from most high-end participants.
- Very high setup costs – a capital investment of more than R100 million is required to construct a new campus that can accommodate 1 500 learners.
- A business model with a high fixed cost component requires substantial financing in the start-up phase of a new school, which may take up to five years to generate free cash flow.

Other barriers to entry include:

- Affordable available land;
- Accreditation with Umalusi and registration with the Department of Education; and
- Development of curriculum support materials.

Strong predictability in the business model, a high proportion of annuity income and highly cash-generative

- A school is a very predictable business. Once learners are enrolled there is very little movement throughout the year and over the years of required schooling.
- Schools are very cash-generative with a predominance of annuity income. School fees are paid annually or monthly. Curro's bad debts are managed carefully and are very low at approximately 1% of revenue.
- Costs are mainly fixed and predictable for a year and future years, with salaries comprising more than 70% of all expenses.
- Schools are operationally geared in that the majority of costs are fixed or semi-fixed, which means that with each additional learner a larger proportion of revenue will impact profit.

Curro is the market leader

- Curro has approximately 42 000 learners, 17 000 (68%) more learners than the second biggest domestic, for profit private/independent school group, as at January 2016.
- Globally, Curro is among the 10 largest for profit school groups.
- Curro has invested R3.4 billion in facilities over the past three years and will invest up to a further R2 billion in 2016.
- As a result of our range of products across different price categories, our potential market increases.
- Curro provides independent schooling for as low as R1 500 per month, which compares very favourably with ex-model C government schools.
- 80% of Curro's learners pay on average less than R4 000 per month for schooling, with 30% paying less than R2 000 per month.

Significant skills and experience

- Curro has a highly dedicated and experienced management team with a proven track record of value creation.
- Our in-house design and project management team has, over the years, developed a standard costing approach which is at least 20% lower than comparable projects. This enables Curro to charge lower school fees and generate similar returns on investment.
- Curro invests significant resources in developing 21st century teaching methodologies which adapt to the way that children learn in our modern society.

Geared for growth

- Curro currently utilises 60% of built capacity and 50% of eventual capacity, implying a revenue growth potential of 50% with very limited requirements for additional capital investment or increased operational expenses.
- Curro has a strong, supportive shareholder of reference and shareholders and funders that are supportive of its growth aspirations.

Institute for Higher Education

Curro owns an Institute for Higher Education, based in KwaZulu-Natal, that currently educates approximately 800 full-time and 100 distance-learning students. It also provides continuous professional development education courses to approximately 4 000 educators.

This year (2016) will also mark the expansion of the Institute for Higher Education's geographic footprint and academic offerings. Our Institute for Higher Education will commence with the conversion of a new larger site in Durban to accommodate 2 600 students, construct a new campus at Waterfall Estate (Midrand) with a capacity of 1 400 students, as well as acquire an 800-student capacity campus in Montana (Pretoria).

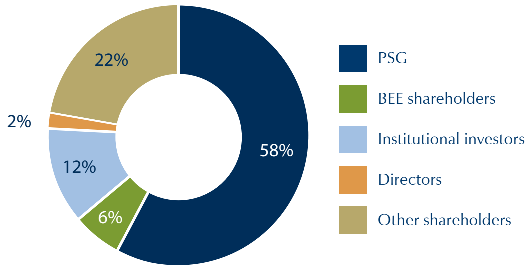
Curro's Institute for Higher Education will soon offer a number of new courses, diplomas and degrees which will include BSc, BCom and BA degrees. The company/institution is also converting and registering our campus-based courses into distance learning offerings.

We are excited about the future potential of our Institute for Higher Education and the opportunities it presents for Curro to expand into the tertiary education field.

Annual Curro Soccer Festival, hosted by Curro Thatchfield, that saw 11 Curro schools competing for the title of tournament champion. The Soccer Festival aimed to build team spirit, help learners develop skills, and allow their dreams to become a reality

Share price history

Shareholder structure



Listing information

JSE share code	COH
Sector	Consumer Services – Retail
Subsector	General retailers

Stock exchange performance

For the years ended	2012	2013	2014	2015
Market price – high (cents)	2 049	2 955	3 095	5 999
Market price – low (cents)	985	1 379	2 405	2 715
Market price – close (cents)	1 635	2 780	2 900	5 779
Market price – average (cents)	1 414	1 902	2 679	3 738
Volume of shares traded (million)	13	22	26	39
Value of shares traded (R million)	193	425	709	1 485
Volume/weighted average number of shares (%)	6	8	8	11
Market capitalisation (R million)	3 931	8 195	9 442	20 623

Schools take part in social responsibility drives

Curro has a number of key resources at its disposal with which it creates value for all its stakeholders.

Our inputs and activities	Our outputs and outcomes
Financial capital Our sources of financial capital include shareholder equity, internally generated cash flows and debt. We use our financial capital to maintain and improve existing campuses, develop new campuses, develop curriculum, acquire schools and cover our operating costs. Financial capital is also invested in the continuous training and development of our educators to ensure that they have the necessary competencies in effective methodologies to engage learners in all domains of learning (21st century teaching and learning). This allows us to grow our stock of productive capital.	During the 2015 financial year the group generated cash flow of R261 million through operations, raised R740 million by way of a rights offer and increased its debt funding by R189 million. This financial capital was used for: • Capital investment in existing and new campuses (R1 billion); • Finance costs to providers of capital (R152 million); and Our number of campuses has increased to 47 (2014: 42) and our number of schools has increased to 110 (2014: 101). Further information is available in the financial review on pages 36 to 43.
Productive/manufactured capital Our campuses, curriculum and educators form the stock of our productive capital. The quality and uniqueness of our curriculum is a key differentiator for our business and we focus on the continuous development thereof. Growing our stock of productive capital requires the investment of financial capital.	We invested R646 million into existing campuses to accommodate growth in learner numbers and improvement of facilities. Investment in the development of curriculum amounted to R18 million. Further information is available in the financial review on pages 36 to 43.
Human capital Our stock of human capital includes our educators' skills, experience and ability to engage our learners in all domains of learning. Our educators are the primary interface with our learners and parents and their motivation and competence are key determinants of our future success and sustainability. We invest financial capital to employ and develop our stock of human capital through continuous professional development, providing appropriate remuneration and incentives and keeping them safe and healthy by ensuring that our facilities comply with the Occupational Health and Safety Act No 85 of 1993, as amended (Ohasa).	We currently employ 4 350 employees, which includes 2 637 educators. We have increased our number of employees by an average of 28% per year since 2012. Our average learner/educator ratio of 16 contributes to productive capital in the education of our learners. During the 2015 financial year we invested R738 million in the remuneration of our employees, which includes a share incentive scheme to incentivise and retain key employees and management. Our Curro Centre for Educational Excellence ensures that our educators receive continuous training and development and through our Institute for Higher Education, our educators can continue tertiary education that is sponsored by Curro. The investment in our human capital has a positive impact on our productive capital and also ensures that we nurture our intellectual capital. The detailed demographics of our employees are contained on page 38 of this report.

Our inputs and activities	Our outputs and outcomes
Intellectual capital Our intellectual capital includes: our brand, our information technology systems, our curriculum development, our investment in governance structures to ensure that we maintain best practice corporate governance and our ability to ensure our campuses are all aligned with our strategic objectives and business model. Our brand is one of our most valuable assets and we rely on our employees to protect and appropriately represent our brand. Our executive management team has collectively over 60 years' experience and a significant knowledge base in selecting, developing and managing schools.	The skills of our management team have allowed us to take advantage of growth opportunities. Our commitment to best practice corporate governance contributes to strengthening our brand and reputation. We have a continuous drive to improve our information technology systems to support 21st century learning and increase capacity of our corporate systems. Our in-house architect- and new business development team ensures that our facilities stay on trend with the latest global design and development trends in order to contribute to the learning environment.
Social and relationship capital We actively manage the stakeholder relationships on which our business depends, including those with our clients (learners and parents), our business partners, government and regulators and communities.	Each school has an upliftment project/s relevant to the community that the school is located in and it also forms part of education for our learners to be responsible corporate citizens. These projects typically involve the learners, parents, employees and, where relevant, the companies that sponsor projects. We also contribute to these projects financially. Curro distributed R27 million to corporate social investment and bursaries for the year ended 31 December 2015. We regularly engage with the national Minister of Education, the Members of Executive Councils (MECs), Departments of Education and Umalusi to discuss developments in education and suggest ways in which the independent sector can assist the government.
Natural capital Although the impact of our operations on the environment is relatively low we continuously focus to minimise negative effects on the environment.	*Energy usage* Energy-saving techniques are implemented when constructing a new school. At all the schools energy savings are introduced in the form of motion sensors and energy-efficient lights. In 2009 Curro decided to use terminals in our computer laboratories and not PCs or laptops. This contributed to a material reduction in power consumption. Efforts continue to improve electricity consumption. *Water* Landscaping experts are consulted during the design phase to ensure water-wise gardens and fields. A focus area in the future will be how water usage is managed on campuses. In addition to the above, environmental impact studies are conducted on new sites during the land banking process to ensure the outcomes thereof are taken into account when evaluating a site for construction of a school and measures incorporated during the design phase.

The table below provides an overview of the most pertinent concerns from stakeholders, as well as Curro's response. Curro's sustainability in the long run is significantly impacted by the quality of its relationships with its stakeholders and it is in our interest to actively engage with stakeholders, understand their concerns and address these as comprehensively as possible.

STAKEHOLDER ENGAGEMENT – Current issues and solutions

Areas of interest	Stakeholder	Curro's response
Is a target of 90 000 learners at 2020 still attainable?	**Shareholders and analysts**	We continue to maintain strong momentum and we remain positive about attaining our target towards the end of 2020.
Does Curro comply with the prerequisites of CAPS on educator/ learner ratios and the criteria of sound school governance, leadership and management?	**Umalusi**	We have a close relationship with Umalusi and we discuss the concept of "excellence" in schools regularly. We strive to attain all their objectives, have our schools accredited with Umalusi and report to Umalusi about particular areas which still have to be developed in our newly built schools. Umalusi has visited a number of our schools and no material deficiencies have been identified.
Is the general quality of Curro's infrastructure in line with industrial standards?	**Municipalities**	Our professional team meets with the local municipalities regularly to discuss the impact of our developing campuses on the local environment and mutual planning happens on a continuous basis. This is also reinforced by complying with local authority's building requirements (i.e. including approved building plans) and ensuring that occupancy certificates are in place for all our buildings.
What is Curro's policy regarding a suitable debt/equity ratio?	**Funders**	We aim towards a 50/50 debt/equity ratio. We also fix large portions of our loans in terms of interest rates so that we mitigate the risk of having to escalate school fees disproportionately.
Complying with key covenants - Interest service cover ratio of 1.75 times - Have a loan to value of at least 1.3 times	**Funders**	Our interest service cover ratio stood at 3.8 times. Our loan to value ratio exceeded 2 times.
Is there any threat that Curro will escalate its school fees unrealistically?	**Parents**	Our model is based on an annual escalation of 2% above consumer inflation. Unless consumer inflation escalates beyond expectations, we should not deviate from the said trend in school fee escalation.
Is my child receiving quality education?	**Parents**	Through the combination of the written curriculum taught by qualified educators (meaning qualified with the South African Council of Education), who are continuously developed through a combination of our Institute for Higher Education and the Curro Centre for Educational Excellence (CCEE), this area of interest should be addressed. Various other measures, such as our brand, our long-standing track record and our excellent matric results, also support confidence in our quality products.

Areas of interest	Stakeholder	Curro's response
Are we receiving a written curriculum which is still relevant?	**Learners**	Our CCEE does continuous research into curriculum innovations. Best practices are communicated to our employees regularly and they are also trained to implement new written curricula.
What can Curro do to ensure a safe and stable working environment?	**Educators**	We have good security protocols which endeavours to keep our campuses safe. We also protect our educators' rights by means of service contracts, which are regulated by labour law. Furthermore, we believe in continuous professional development in order to enhance every employee's chances of getting promoted.
Does Curro's supplier application process provide everyone with a fair chance?	**Suppliers**	We utilise a group of four main contractors to build our schools. Every supplier in South Africa and abroad is welcome to approach Curro to be considered for future contracts.
Does Curro have policies in place which allow the outcome of disciplinary hearings to be escalated for second opinions?	**Commission of human rights**	Our disciplinary hearings are governed by set policies and in serious cases are chaired by professional lawyers. Parents have the right to escalate the verdicts of these hearings to a higher court and even in some cases to the South African Human Rights Commission.
Do all Curro schools comply with the prerequisites of local government?	**Departments of Education**	One may not operate an independent school if not registered at the local Departments of Education. These departments have specific criteria which need to be met and Curro adheres to these criteria. The process of registering an independent school takes time and in many cases the operator must first construct an appropriate building and appoint qualified educators before the registration process can be concluded.
Is the company committed to transformation?	**Government**	Curro is committed to employing and developing a skills base that represents the demographic profile of its learner base of which 64% were black and 36% were white for 2015. We have an Employment Equity plan on which we report annually. Refer to page 38 for employee statistics. At our Institute for Higher Education, 80% of the students that were studying at our College in 2015 were from designated groups.
Is Curro JSE-compliant?	**Johannesburg Securities Exchange**	Our corporate sponsor, PSG Capital, monitors our compliance regularly in order to ensure JSE compliance. The board, in terms of the JSE Listings Requirements, submits its annual compliance certificate timeously.
How does Curro protect its organisation from the communication of incorrect facts?	**Media**	We supply the media (through our designated team) with facts in writing so that any doubt regarding the accuracy of reporting is minimised. We have good relationships with the media and we invite a variety of journalists locally and abroad to liaise with us whenever we communicate financial and academic results.

LEADERSHIP

The leadership team of Curro consists of its board of directors, Exco, senior management and the executive heads at the schools.

For information on the governance structure refer to page 48 and for detailed information on the board's role, responsibilities and powers, and the length of service, refer to pages 49 and 53.

BOARD OF DIRECTORS

* Independent non-executive director
Δ Executive director
§ Non-executive director

SL (Santie) Botha*

BEcon and BEcon (Hons)

Santie is currently the Chancellor of Nelson Mandela Metropolitan University in Port Elizabeth. She serves as a non-executive director on the boards of Liberty Holdings Ltd, Tiger Brands Ltd, Telkom Ltd and as Chairperson of Famous Brands Ltd. Santie has broad knowledge and experience in different sectors ranging from banking (Executive Director: ABSA Bank, 1996 to 2003) to telecommunications (Executive Director Marketing: MTN, 2003 to 2010). In 2010, Santie received the South African Business Woman of the Year award.

Dr CR (Chris) van der Merwe$^{\Delta}$

BPrim (Ed), Med (Cum laude), PhD in Education

Chris, the Curro CEO, has broad knowledge and is highly experienced in the independent school sector and carries a doctorate in education. Chris was one of the four finalists in the exceptional category of the World Entrepreneur Competition held by Ernst & Young in November 2013. He is the founder of Curro. Curro developed from a school (based in a church) with 28 learners to a JSE-listed company with 110 schools accommodating approximately 42 000 learners today.

B (Barend) Petersen*

CA(SA)

Barend, a chartered accountant, has broad international business experience in mining, finance, auditing, the oil industry, energy, government relations, business turnarounds, corporate recovery, consulting and corporate governance. Barend is the Executive Chairman of De Beers Consolidated Mines and is also a non-executive director of various listed and unlisted companies including Anglo American South Africa Ltd. He is the Chairman of Sizwe Business Recoveries (Pty) Ltd (founded by him in 1997).

PJ (Piet) Mouton§

BComm (Maths)

Piet is the CEO of PSG Group Ltd and serves as a non-executive director on the boards of various PSG Group Ltd companies including Capitec Bank Ltd, Pioneer Food Group Ltd, Zeder Investments Ltd and PSG Konsult Ltd. He has been active in the investment and financial services industry since 1999.

B (Bernardt) van der Linde$^{\Delta}$

CA(SA), CFA

Bernardt, a chartered accountant, was an audit manager at PricewaterhouseCoopers Inc whereafter he joined Finweek. He joined PSG Group Ltd in 2007 where he was, inter alia, part of the executive team at Paladin (now PSG Private Equity). He joined Curro as CFO on a full-time basis in 2011.

Dr SWF (Sibongile) Muthwa*

BA (SW) (Fort Hare), BA (SW) Hons (Wits), MSc (SPPDC), PhD (London)

Sibongile has international business experience in non-government, development and public sectors, as well as in academia. Currently she is the Deputy Vice Chancellor: Institutional Support at the Nelson Mandela Metropolitan University. Sibongile serves as a non-executive director on the boards of the Seriti Institute NPC, the University Sports Company (Pty) Ltd and is a Commissioner for the Financial and Fiscal Commission. Between 2004 and 2010 Sibongile served as the Director General of the Eastern Cape Provincial Government.

ZL (KK) Combi*

Diploma in Public Relations, member of the Institute of Directors South Africa

KK serves as non-executive director of various listed and unlisted companies, including the PSG Group Ltd and also the Chairman of Pioneer Food Group Ltd. He has broad knowledge and experience of business in different industries and has been active as an entrepreneur since 1995.

AJF (Andries) Greyling$^{\Delta}$

CA(SA)

Andries, Curro's COO, is a chartered accountant. He started his career as audit manager at KPMG Inc. Thereafter he worked at Sasko (a division of Pioneer Food Group Ltd), Distell Ltd and PricewaterhouseCoopers. In 2000, he joined Media 24 Ltd's ICG (brand names include INTEC, Damelin) as financial director whereafter he was promoted to financial director of Educor (Pty) Ltd (Educor). In 2006, Educor bought a 25% 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 Ltd disposed of Educor including their interest in Curro, Andries acquired a stake in Curro and joined the company as financial director. In 2011 when Bernardt was appointed as the CFO of Curro, Andries's role changed to COO.

HG (Hennie) Louw$^{\Delta}$

CA(SA)

Hennie, Curro's CIO, is a chartered accountant and lectured in Auditing at the University of the Western Cape prior to joining Hospiplan Ltd, a group that developed private hospitals across South Africa, as group financial director in 1996. In 1998 he joined Media 24 Ltd's ICG as managing director and was the group managing director of Educor from 2004 to 2007. After working in the venture capital industry as an investment manager for Mark Shuttleworth's venture capital firm HBD (Pty) Ltd, Hennie joined Curro in 2010 as manager of new business.

LEADERSHIP (continued)

EXCO MEMBER (NON-DIRECTOR)

Samara Totaram (Samara)

CA(SA), CFA

Samara, a chartered accountant, joined Curro in October 2014 as the managing director of the Meridian Venture and is also a member of the Curro Exco. Samara completed her articles with Deloitte & Touche and then spent 18 months at the Royal Bank of Scotland in London prior to joining PSG Capital (Pty) Ltd in 2007. In 2010 Samara was appointed a director of PSG Capital (Pty) Ltd and was primarily involved in new listings, capital raisings and other commercial transactions, merger and acquisitions and general corporate finance consulting. In October 2010 she joined Thembeka Capital Ltd and was appointed their managing director in 2013.

For further information on the role of the Exco, refer to page 51 of this report.

The word Curro is Latin, meaning "I Run" and can be interpreted as follows:
I learnt at my own learning pace and according to my own aptitude, attitude and talents

COMPANY SECRETARY

Ronell van Rensburg (Ronell)

FCIS, BCom (Accounting) & Member of the Institute of Directors South Africa

Ronell, Curro's company secretary since 2013, is a FCIS chartholder. Ronell has more than 14 years' experience in the governance and company secretary arena in various industries such as banking, manufacturing, retail, information technology, public sector and investment and financial services.

For further information on the role of the company secretary, refer to page 52 of this report.

"The Curro brand is recognised and established as a trusted quality brand"

Dear Stakeholders

On behalf of the board, I am pleased to present Curro's 2015 annual integrated report to you. The report focuses on how the material matters in respect of our strategy, governance and performance, have led and continue to lead to the creation of value for our shareholders and other key stakeholders.

ENVIRONMENT

Curro delivered another strong financial performance for 2015, despite a constrained macro-economic environment where both consumer sentiment and spending declined due to general economic uncertainty in the country. Lower than expected GDP growth further contributed to the erosion of disposable income for household spending.

As discussed in our risk report on pages 44 to 45, parents believe in the value of good quality education and we regularly experience how parents reprioritise expenditure to ensure that their children continue to receive the best education possible. This serves to safeguard Curro's income in good and bad times, but it also adds additional weight to our responsibility to provide a service that is as affordable as possible and provides value for money to parents making these sacrifices for their children.

2015 PERFORMANCE

During 2015, Curro's results exceeded expectations, both in terms of financial and academic performance. Revenue improved by 38% to R1.38 billion (2014: R1 billion) while profit after tax (PAT) rose 80% to R92 million (2014: R51 million). Headline earnings per share (HEPS) grew by 67% to 28.7 cents per share (2014: 17.2 cents).

Over the past year, the number of learners in Curro have increased to 41 864 and the number of schools grew by nine to 110 schools (47 campuses). The group has successfully established a national footprint, with a presence in both urban and semi-urban areas.

The Curro brand is recognised and established as a trusted, quality brand that delivers top quality education. We are very proud of the matric results of 2015 with average pass rates of 99% (IEB) and 98% (NSC), which will serve to further support and build the Curro brand.

LEADERSHIP

Our highly respected and experienced executive team, under the guidance and leadership of Dr Chris van der Merwe, is passionate about what they do and deliver.

Succession planning and continuous development feature high on the agenda and we have a well-trained, experienced and motivated work force which gives us a clear competitive advantage in the market.

There has been no changes to the board of directors in 2015.

Curro practises a system of invitational education (i.e. educators that are open, invitational and friendly, creating a safe nurturing environment) in which learners are regarded as able, valuable and responsible

APPRECIATION

On behalf of the Curro board, I would like to thank Dr Chris van der Merwe and his leadership team for their commitment, professionalism and dedication to the Curro business. I would also like to extend my appreciation to my fellow board members for their support and camaraderie during the year.

Furthermore, I would like to thank all our employees, managers, educators, suppliers, clients, learners and business partners for their commitment and willingness to go beyond the expected.

OUTLOOK

The economic outlook for the year ahead remains challenging, with low domestic economic growth, rising costs and job security concerns weighing heavily on the South African consumer. We also anticipate that the private education environment will continue to become more competitive going forward. We view this as a positive development for the advancement of a critical mass of our future leaders.

We are confident that the right strategies are in place to address these challenges and that Curro has the depth of management to execute effectively against these plans. Our investment proposition, centred on providing a quality, affordable education solution to our clients and attractive growth and returns to our investors, will further address these challenges and opportunities.

Thank you

Santie Botha

Chairperson of the board

"We are positive about our vision of 80 campuses (200 schools) by 2020"

WE ARE MAKING SOLID PROGRESS TOWARDS ACHIEVING OUR VISION

Curro's vision is to positively impact society by the provision of well-educated, quality future leaders and well-rounded citizens to our communities. As part of that vision, Curro's role is to supplement the public sector in providing schools and education.

The independent school sector accommodates about 500 000 learners of a total school population of 12.9 million learners. This implies that the independent sector serves approximately 4% of the total number of school going children in South Africa. Curro currently has approximately 42 000 learners who are accommodated on 110 schools (47 campuses). Our aim is to reach 90 000 learners by the end of 2020 and considering the vast opportunity for growth, we believe that we shall continue to develop schools beyond 2020.

In support of our vision and to create the necessary infrastructure, we have expanded our investment in the development of Institutes for Higher Education in the past year. We now have three campuses (Durban, Johannesburg and Montana, Pretoria). Once fully developed, these three campuses will accommodate up to 6 000 full time educator-students. We are also gradually expanding the range of degrees we offer, so that we could train specialised high school educators in future. We recognise the need to train educators by means of distance learning and for this purpose we are also in the process of accrediting and registering distance learning programmes for all our degrees.

While our focus will remain on the delivering of our strategy of 80@20 vision in South Africa, we are researching possibilities in the rest of Africa. During the year, we acquired Windhoek Gymnasium, a prestigious independent school in Namibia, as a first step.

We have budgeted for a further R2 billion investment during 2016, which includes an amount of R800 million for the construction of new campuses and R450 million for the expansion of existing campuses. The remainder of the investment is earmarked for acquisitions and land banking opportunities.

LEADING BY EXAMPLE

Quality is established through our effective leadership and management and we continuously invest in the empowerment of leaders, thereby ensuring that quality succession is in place. Our executive management has developed into a dynamic team since our listing in 2011.

PREPARING TOMORROW'S LEADERS TODAY

We continue to focus on dynamic curriculum development to ensure that our content stays relevant and is aligned with the needs of companies and industries. We have adopted a 21st century teaching and learning strategy to ensure that our educators develop competencies in effective methodologies to engage learners in all the domains of learning. These domains include the promotion of communication skills, collaboration, critical thinking and problem solving. In today's challenging world, learners also need to be resilient and resourceful and several programmes are followed to develop them as such. In order to remain in touch with the needs of the world of work, we focus on Science, Technology, Engineering and Mathematics and we introduced the commercial subject, Entrepreneurship, in our curriculum so that learners can integrate subject knowledge with business knowledge.

Written curricula are delivered by educators, our most important asset. For this reason our Curro Centre for Educational Excellence (CCEE) will continuously build their capacity through intensive professional development. Our subject heads are seen as the key functionaries who control effective teaching at classroom level. Their effectiveness was once again proven by the performance of our Class of 2015. Refer to page 12 for detail on the results achieved.

Handheld devices (i.e. tablets) are seen as an important enhancement of our educational media. They stimulate the thoughts of learners and it is clear that our learners spend much more time engaging with learning content by using tablets. However, effective learning is impossible without high levels of competencies in literacy. Therefore we match our young learners' literacy skills with suitable reading and writing activities so that effective learning can be enhanced. We teach reading comprehension skills to learners from age 10 so that they can fully utilise their literacy skills.

Another type of literacy is also rapidly developing in our modern age: Coding is becoming the 21st Century's definition of literacy. Our children develop coding skills as early as age eight by engaging in Robotics, a trend setting subject which integrates software programming with the world of mechanisation. All these efforts are implemented to eventually ensure that our learners can not only contribute to the economic growth of our country, but that they will also set examples to others through the values and norms by which they live.

Participation in sport is encouraged at Curro schools

OUR ROLE AS CORPORATE CITIZEN

Curro maintains active engagement with its key stakeholders. Amongst others, we engage with the National Minister of Education and the MECs from time to time to suggest ways in which the independent sector can assist the government. There are also close relationships with the Departments of Education and Umalusi, the government's accrediting body. In many cases, we also assist schools which are situated close to ours, sharing best practices and curriculum solutions.

Health and safety remains a key focus area in our company. Curro is compliant with the Occupational Health and Safety Act No 85 of 1993, as amended (Ohasa). Various health and safety audits are conducted by an external health and safety officer and the results are consistently communicated to our executive heads so that they can take action if required. The external health and safety officer also assists Curro in the training and development of employees with regards to Ohasa.

Curro believes in the upliftment of our communities and in teaching our learners the importance of caring for others. For more detail, refer to social and relationship capital on page 21.

APPRECIATION

I once again applaud our educators. They are the true nation builders. I also thank our parents who closely support our educators in finding solutions. It is a well-proven fact that the learners of schools in which parents and educators work closely together, reach higher levels of success.

My sincere thanks to the PSG Group for their invaluable support since 2009, without which Curro would never have succeeded in reaching 110 schools only five years since our listing. The CEO of PSG, Piet Mouton, spends many hours supporting me by sharing his business knowledge with us.

In conclusion, I thank our board of directors for their guidance and leadership. All our directors have a passion for education. They are available for consultation whenever the Exco needs a sounding board. A special thank you also to Santie Botha, our chairperson, her broad knowledge and experience of the wider corporate world continues to have a positive impact on the group.

Thank you

Dr Chris van der Merwe
Chief executive officer

Nthabiseng Machethe and Moffat Dumisani Zitha, learners at Northern Academy, a Meridian school, both of whom achieved 100% in Mathematics Grade 12 NSC examinations in 2015. Moffat Dumisani Zitha, furthermore achieved 99% in Accounting and Physical Science and 92% in Information Technology. 18 learners achieved A aggregates at Northern Academy and this school was awarded for the top performing independent school in Limpopo Province since 2008, 8th year running


Curro Castle Waterfall (Gauteng) (Curro's first super castle)

STRATEGIC REVIEW AND OPERATING CONTEXT

Our business model is simple to understand. We operate in a market sector with substantial potential for growth and profitability, which at the same time presents significant barriers to entry. The business model is predictive and cash-generative with a strong annuity base. To take advantage of the growth potential in our target market requires substantial investment and long-term planning. For more detail regarding the barriers to entry as well as the market size and potential, refer to the Curro investment case section of this report on pages 16 to 17.

The risks relevant to the business range from reputational to curriculum, investment, financial, information technology, human resources, safety and economic risks. The detail on the likelihood and actions taken to mitigate these are set out in the risks and responses section of this report.

Within this operating context, we have set a series of long-term strategic objectives and have attached key measurables to each of these objectives. The table below provides details of these objectives as well as the initiatives in place to achieve them:

Theme	Priority/objective	Key performance indicator
Managing stakeholder value	• Setting a firm business aim • Being a responsible corporate citizen • Creating a stable and inviting workplace • Communicating to our key clients regularly	• 200 schools by 2020 • Offering as many bursaries as our business model can carry to talented less privileged learners • Develop neat, inviting and cost efficient school campuses • Publishing informative digital magazines every term
Developing and maintaining a unique client service	• Focusing on client relationships • Enhancing networking amongst parents, learners and educators • Analysis of annual client surveys • Appropriate supporting infrastructure to manage schools through information and technology systems • Effective marketing of our product to build brand awareness	• Open door policies from executive heads and educators to enhance accessibility • Regular conferences throughout the year • Annual survey among parents • Information and technology strategy based on the strategic direction of the group • Prominent advertising actions relevant to each individual campus (includes inter alia billboards and open days)

Theme	Priority/objective	Key performance indicator
Driving sustainable growth	• Curro's model should be based on the concept of affordable independent school education • Securing enough school zoned erven for future developments • Realistic annual business targets • Continuous research regarding actionable acquisitions • Securing sufficient financing pro-actively • Attracting and retaining quality educators and other employees	• School fees to be escalated at 2% above consumer inflation per annum considering the country's annual inflation rate • Expanding existing schools to its maximum designed capacity through capital investment and an effective marketing strategy • Maintaining and developing our two-tier approach: Curro original schools @ R3 500 per month on average and Curro Academies @ R1 800 per month • Consistent developing at a pace of 15 to 18 new schools (7 to 10 campuses) per annum • At least one acquisition per annum • Acquiring at least five new school erven per annum • Ensuring appropriate funding strategy to fund this strategic objective • Ensuring an appropriate recruitment and reward strategy is in place
Transformation planning	• All our schools should strive to become demographically representative	• Implementing a group transformation committee • Adhering to an approved employment equity plan • Being closely aligned with public sector • Investing in our Institute for Higher Education, expanding their product offerings and including distance-learning programmes
Curriculum innovation	• Continuous research and development to seek best practices and to keep our service competitive	• CCEE to stay focused on literacy development, coding activities, tablet research, further development of our IT curricula, systemic testing systems, Mathematics teaching methodologies, Science and Technology education, Engineering, and Entrepreneurship as subjects

We measure our success of achieving these objectives by measuring our achievements relative to:

- Academic performance;
- Financial performance;
- Number of schools; and
- Number of learners

Key statistics	2015	YOY Growth	3yr CAGR	5yr CAGR
Number of campuses	42*	31%	24%	60%
Number of learners	35 970*	25%	42%	63%
Revenue (R million)	1 384	38%	56%	79%
EBITDA (R million)	382	53%	76%	87%
Headline Earnings (R million)	100	80%	90%	80%
HEPS (cents)	28.7	67%	59%	35%
Average share price (R)	37.97	41%	38%	72%**

Note:
* Figures as at 31 December 2015.
** Based on R2.50 per share the price at which Paladin acquired an additional 25% stake in Curro in 2010.

The value distribution statistics are provided in the value-added section of this report on page 15.

MAIN DRIVERS OF PROFITABILITY IN THE BUSINESS

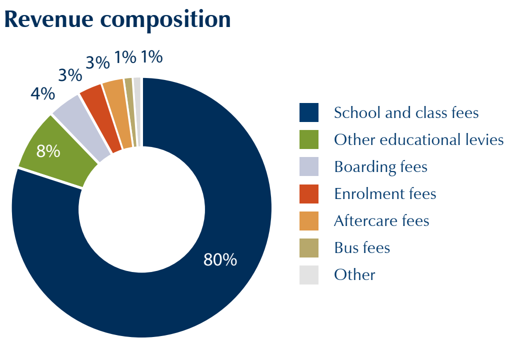
Learner numbers	The fixed operating costs per classroom remain relatively consistent whether there is one learner or 25 learners in the class. Salaries comprise approximately 70% of the fixed operating costs and are a significant driver of profitability. It is therefore essential that learner-educator ratios are maximised over time.
School fee increases	Curro's aim is to have at least a 2% margin between salary increases and school fee increases. Curro's school fees remain very competitive in the market for independent schools and it is believed that the 2% margin can be maintained for the foreseeable future.
Salaries	To maximise efficiencies, learner-educator ratios should be increased and non-teaching employees should be kept at a minimum with repetitive functions being automated.
Other expenses	Approximately 70% of these costs are fixed in nature and are not impacted by the number of learners.

21st Century teaching and learning

REVENUE AND EXPENSES

Revenue and expenses	2013	2014	2015	YOY Growth	3yr CAGR	5yr CAGR
Revenue (R million)	659	1 001	1 384	38%	56%	79%
Operating expenses (R million)	546	810	1 092	35%	52%	77%

The revenue of R1.4 billion comprise of the following:



Discounts amounted to 6% of revenue and comprise the following:

- Employee discounts;
- Prepayment of school fees discounts;
- Payment by debit order discounts;
- Academic, sport and culture bursaries; and
- Temporary financial relief

The average annual revenue per learner increased by 10.7% from R34 700 in 2014 to R38 500 in 2015. This increase was a combined result of an average school fee increase of 9.9% in 2015 and an increase in learner numbers in higher grades with higher school fees as well as schools with higher average fees.

The average school fee increase for 2016 was 9.9%.

Salaries

Salaries comprise approximately 70% of total expenses and should over time reduce to less than 50% of revenue (from 53% currently), as the number of learners per educator increases towards our targeted ratios. Refer to the EBITDA evolution table on page 40 for a more detailed discussion of the potential improvement in profitability as a result of this trend.

Employee numbers and costs	2013	2014	2015	YOY Growth	3yr CAGR	5yr CAGR
Employee expenses (R million)	386	550	738	34%	49%	73%
Number of employees	2 387	3 128	3 969	27%	35%	63%
Average cost per employee (R'000)	161	175	186	6%	11%	6%
Growth in average cost per employee	18%	9%	6%			

The average employee cost has grown by 6% over the past year and by a similar percentage over the past five years.

The major benchmark for salary increases is the government sector, which has increased salaries by between 6% and 8% over recent years.

In terms of the executive heads and senior management teams at school level, as well as certain scarce skills, our remuneration is above the government sector levels, especially if you include the short-term and long-term incentive schemes.

Employee statistics as at 31 December 2015

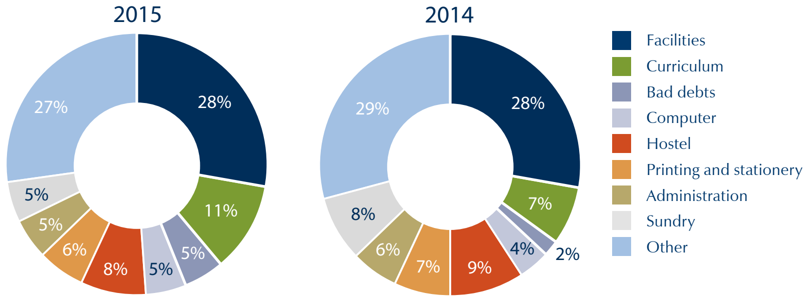
	Race								Total		
	African		Indian		Coloured		White				
	M	F	M	F	M	F	M	F	M	F	Total
Executive	–	–	–	1	–	–	4	–	4	1	5
Senior management	1	1	1	–	–	–	43	18	45	19	64
Middle management	5	10	1	13	2	1	44	110	52	134	186
Total Management	**6**	**11**	**2**	**14**	**2**	**1**	**91**	**128**	**101**	**154**	**255**
Employee category (%)	*2.4*	*4.3*	*0.8*	*5.5*	*0.8*	*0.4*	*35.7*	*50.2*	*39.6*	*60.4*	*100.0*
Total management (%)	*0.2*	*0.3*	*0.1*	*0.4*	*0.1*	*0.0*	*2.3*	*3.2*	*2.5*	*3.9*	*6.4*
Skilled technical and academically qualified employees	112	219	6	47	12	50	337	1 334	467	1 650	2 117
Semi-skilled and discretionary decision-making employees	95	234	–	11	12	124	31	587	138	956	1 094
Unskilled and defined decision-making employees	191	241	2	1	13	43	7	5	213	290	503
Total non-management	**398**	**694**	**8**	**59**	**37**	**217**	**375**	**1 926**	**818**	**2 896**	**3 714**
Employee category (%)	*10.7*	*18.7*	*0.2*	*1.6*	*1.0*	*5.8*	*10.1*	*51.9*	*22.0*	*78.0*	*100.0*
Total non-management (%)	*10.0*	*17.5*	*0.2*	*1.5*	*0.9*	*5.5*	*9.4*	*48.5*	*20.6*	*73.0*	*93.6*
Total employees	**404**	**705**	**10**	**73**	**39**	**218**	**466**	**2 054**	**919**	**3 050**	**3 969**
Total employees (%)	*10.2*	*17.8*	*0.3*	*1.8*	*1.0*	*5.5*	*11.7*	*51.8*	*23.2*	*76.8*	*100.0*

Employee statistics as at 31 December 2014

	Race								Total		
	African		Indian		Coloured		White				
	M	F	M	F	M	F	M	F	M	F	Total
Executive	–	–	–	1	–	–	4	–	4	1	5
Senior and middle management	3	5	2	5	3	2	75	90	83	102	185
Total management	**3**	**5**	**2**	**6**	**3**	**2**	**79**	**90**	**87**	**103**	**190**
Employee category (%)	*1.6*	*2.6*	*1.1*	*3.2*	*1.6*	*1.1*	*41.6*	*47.4*	*45.8*	*54.2*	*100.0*
Total management (%)	*0.1*	*0.2*	*0.1*	*0.2*	*0.1*	*0.1*	*2.5*	*2.9*	*2.8*	*3.3*	*6.1*
Skilled technical and academically qualified employees	71	160	5	31	10	23	257	1 166	343	1 380	1 723
Semi-skilled and discretionary decision-making employees	75	163	1	7	4	83	31	430	111	683	794
Unskilled and defined decision-making employees	154	213	1	1	12	32	5	3	172	249	421
Total non-management	**300**	**536**	**7**	**39**	**26**	**138**	**293**	**1 599**	**626**	**2 312**	**2 938**
Employee category (%)	*10.2*	*18.2*	*0.2*	*1.3*	*0.9*	*4.7*	*10.0*	*54.4*	*21.3*	*78.7*	*100.0*
Total non-management (%)	*9.6*	*17.1*	*0.2*	*1.2*	*0.8*	*4.4*	*9.4*	*51.1*	*20.0*	*73.9*	*93.9*
Total employees	**303**	**541**	**9**	**45**	**29**	**140**	**372**	**1 689**	**713**	**2 415**	**3 128**
Total employees (%)	*9.7*	*17.3*	*0.3*	*1.4*	*0.9*	*4.5*	*11.9*	*54.0*	*22.8*	*77.2*	*100.0*

Notes:
M = Male
F = Female

Other expenses



Other expense item	2015 (R'000)	YOY increase (%)	YOY increase (R'000)
Facilities	97 184	32%	23 763
Curriculum	37 777	96%	18 521
Bad debts	16 341	174%	10 386
Computer	17 865	66%	7 097
Hostel	28 249	24%	5 483
Printing and stationery	21 354	20%	3 605
Administration	16 931	6%	904
Sundry	18 279	(9%)	(1 799)
Other	95 565	28%	20 936
Total	349 545	34%	88 895

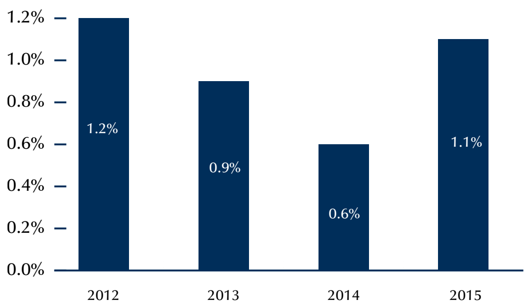
Facility expenses, which includes municipal costs like rates and taxes, cleaning, security and maintenance expenses, remains the major other expense component, comprising 28% of other expenses. This has increased by 32% over the past year, with rates and taxes comprising R14 million of the total amount and increasing by 53% from the previous year.

The increase in curriculum expenses include R7.5 million of stationery costs that were recovered from our clients.

The increase in computer expenses is mainly related to the roll-out of the tablet project to more learners. Learners are charged a levy to recover certain expenses relating to the tablet project.

Bad debts increased significantly over the past year and are currently a specific focus area. However, as is evident in the graph below, the bad debt to revenue ratio is not out of line with historic trends, despite the increase.

Bad debts as % of revenue



EBITDA evolution table

Number of campuses at 31 December		Number of learners at 31 December			Growth		Schools EBITDA (R million)			Growth		EBITDA margin			Eventual Capacity		
		2013	2014	2015	13/14	14/15	2013	2014	2015	13/14	14/15	2013	2014	2015	2013	2014	2015
Developed schools	**29**	**10 577**	**14 645**	**20 694**	**38%**	**41%**	**52**	**111**	**170**	**113%**	**54%**	**16%**	**23%**	**23%**	**39%**	**43%**	**40%**
2009 and before	3	2 961	3 100	3 332	*5%*	*7%*	24	31	35	*28%*	*14%*	26%	28%	27%	77%	78%	84%
2010	2	1 636	1 994	2 120	*22%*	*6%*	8	17	24	*107%*	*42%*	17%	25%	29%	51%	62%	66%
2011	6	2 962	3 721	4 337	*26%*	*17%*	7	25	40	*259%*	*62%*	8%	19%	23%	33%	42%	45%
2012	2	1 002	1 362	1 618	*36%*	*19%*	2	8	15	*309%*	*82%*	7%	17%	23%	27%	47%	48%
2013	4	2 016	3 645	4 922	*81%*	*35%*	11	37	66	*238%*	*79%*	19%	32%	37%	28%	45%	50%
2014	4		823	1 271		*54%*		(7)	1		*(110%)*		(32%)	2%		12%	19%
2015	8			3 094					(10)					(13%)			20%
Acquired schools	**13**	**10 450**	**14 092**	**15 276**	**35%**	**8%**	**103**	**151**	**212**	**47%**	**40%**	**35%**	**30%**	**33%**	**72%**	**72%**	**78%**
2012 and before	8	6 050	6 483	6 851	*7%*	*6%*	76	97	121	*27%*	*24%*	34%	36%	38%	66%	66%	71%
2013	2	4 400	5 690	5 779	*29%*	*2%*	27	45	53	*70%*	*16%*	38%	29%	30%	83%	83%	84%
2014	2		1 919	2 046		*7%*		9	35		*288%*		12%	28%		71%	83%
2015	1			600					4					17%			81%
Total	**42**	**21 027**	**28 737**	**35 970**	**37%**	**25%**	**155**	**262**	**382**	**69%**	**46%**	**25%**	**26%**	**28%**	**51%**	**54%**	**50%**

Note:
Acquired schools indicates the year in which the school was incorporated into the Curro group.
All acquired schools have been established for more than seven years.

The table on page 40 illustrates a number of key fundamentals of the business model. On an EBITDA level:

- Schools are generally loss-making in their first year with break-even achieved in year two.
- Schools may take between five and eight years to reach near-full capacity (exceeding 80%).
- Schools are currently operating at about 50% of eventual capacity and at approximately 61% of current built capacity.
- The 2009 and 2010 school margins are lower because of smaller class sizes (20 opposed to 25 for later Curro schools) as well as dual-medium and parallel-medium versus the current inclination to build English-only schools.
- The 2013 margins are higher because three of the four schools (Century City, Krugersdorp and Pinehurst) are English only and all the schools are built in good urban locations.

Once a school is operating at more than 75% of its capacity EBITDA margins of 40% are achievable. Our target EBITDA remain 40% but can be higher or lower at specific schools as a result of school fees, language offering and certain specific school costs (i.e. rates and taxes).

Depreciation and amortisation

Depreciation and amortisation was R85 million for 2015. Of the R27 million increase in depreciation and amortisation, R13 million was attributable to computer equipment and R11 million to furniture and equipment.

The increase in computer equipment is as a result of increased roll-out of technology in the classrooms with most educators now using a laptop with a light projector and a tablet as part of the teaching and learning process.

Finance cost

Curro's effective interest rate is approximately 10%. Approximately 50% of our interest exposure is hedged. Refer to the balance sheet discussion below for a more detailed discussion of Curro's funding philosophy and status.

Tax

The effective tax rate decrease from 35.3% to 20.2%, was as a result of a tax deductible capital contribution of R43 million made by Curro to the share incentive trust in order to settle its responsibilities to the share option holders. The accounting expense of R13 million is not tax deductible. Meridian Operations Company (MOP), a consolidated not for profit entity, made a loss of R6.4 million that is not tax deductible. During 2014 the effective tax rate was higher due to a different way of effecting the issuing of shares to the participants, which did not provide the tax benefit, as well as the loss of R9.7 million of MOP, that is a nonprofit entity.

STATEMENT OF FINANCIAL POSITION

Assets and capital investments	**Dec 2013 R'000**	**Dec 2014 R'000**	**Dec 2015 R'000**
Non-current assets	**2 515**	**3 813**	**4 796**
Property, plant and equipment	2 131	3 338	4 290
Goodwill and intangibles	369	459	467
Other	15	16	39
Capital investments	**1 076**	**1 305**	**1 030**
Current campuses	602	651	646
New campuses	242	482	369
Acquisitions	232	172	15

Curro has invested more than R3.4 billion in the development and acquisition of assets over the past three years. Curro owns almost all of its campuses.

Our aim was to invest between R1 billion and R1.5 billion in 2015. Campuses constructed in 2015 that opened their door in 2016 include Curro Sitari, Curro Hillcrest High School, Curro Castles Bryanston, Curro Castle Douglasdale and Curro Castle Waterfall. The actual investment of R1.03 billion was influenced by the Windhoek Gymnasium acquisition that only became effective from 1 March 2016, as well as certain regulatory approvals that has taken longer for approval.

Curro plans to invest R2 billion in 2016, of which about R1 billion is expected to be raised through an underwritten rights offer where shareholders will receive the right to acquire one additional share at R33 per share for every 11 shares held.

Funding	**Dec 2013**	**Dec 2014**	**Dec 2015**	**YOY change**
Equity (R million)	1 563	2 211	3 081	870
NAV per share (cents)	530	680	865	185
Gross loans (R million)	825	1 421	1 589	168
Curro	329	898	1 009	111
Meridian	496	523	580	57
Net debt (R million)	746	1 226	1 358	132
Curro	265	722	823	101
Meridian	481	504	535	31
ISCR Ratio*	1.4	2.0	2.4	
Curro (1.75x)	2.5	3.0	3.8	
Meridian	1.3	0.5	0.8	
Property value/net debt*	5.1	4.9	3.2	
Curro (1.3x)	6.8	4.0	4.3	
Meridian	0.7	0.9	0.9	
Debt/equity (group)	48%	55%	44%	
Curro	17%	33%	27%	
Debt/EBITDA	6.5	6.4	4.7	
Curro	3.3	2.9	3.1	
Meridian	10.0	24.0	11.8	

Note:
* Covenant not representative of the value in Curro Security SPV.

The equity was boosted by the net proceeds of the rights issue of R726 million.

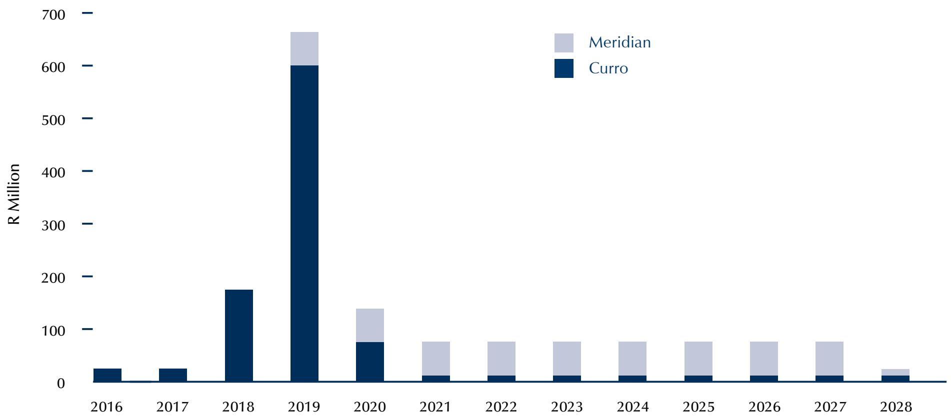
The consolidated numbers do not give a fair reflection of the financial health of Curro as it includes the Meridian business which is highly geared and a ring-fenced venture. The Meridian debt is ring-fenced from the Curro balance sheet and there is no recourse to Curro in case of default by Meridian.

On a standalone basis Curro is relatively low geared. This is the preferred position in the short term as it will enable Curro to make use of opportunities that may arise as well as protect the business against significant rises in interest rates.

Over the long-term Curro's gearing will be increased to at least a 50/50 debt to equity ratio.

The minimum covenants to be met with regards to the majority of Curro's debt is interest service cover ratio of at least 1.75 times and a loan to value of 1.3 times. Curro currently falls well within these covenants and is expected to continue to do so.

Debt maturity profile



Curro raises debt at a corporate level, secured against its property portfolio. The majority of Curro's debt is incurred with a bullet repayment at the end of five years. This provides a cash flow advantage in the early years when the school is still progressing through its J-curve.

Meridian debt has a tenure of 15 years commencing in 2013 with no capital or interest payments in the first three years and only partial interest payments for the subsequent three years. Capital will only be repaid from 2019 onwards.

CREDIT RATING

Curro is currently rated by Global Credit Ratings (GCR) at a level of BBB- with a positive outlook.

The rating will be maintained unless the average debt/EBITDA (excluding Meridian) ratio on a forward-looking basis increases to more than six times. At 3.1 times, Curro currently remains comfortably within this band.

Given Curro's longer proven track record, the growth achieved in the business and the relative low level of gearing, we anticipate that an upgrade to the rating should be achievable in the short term.

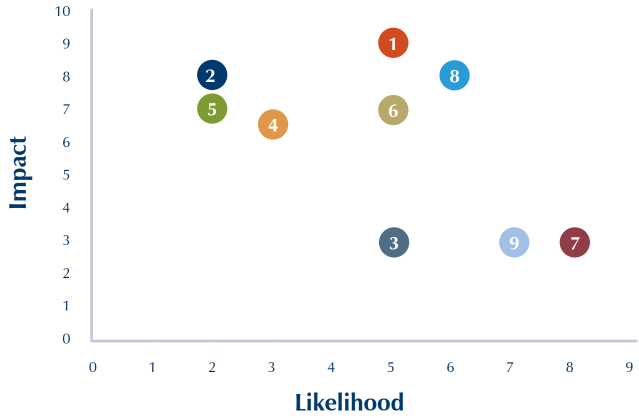
RETURNS

	Dec 2013	Dec 2014	Dec 2015	Target
Return on assets (EBIT/non-current assets)	3.9%	4.2%	4.8%	15%
Return on equity	1.2%	2.0%	3.8%	20%

As the business is still in a growth phase the current returns will continue to improve over time. Over the medium term we aim to achieve at least a 20% return on equity. This is congruent with our preference that individual projects should achieve an internal rate of return of 25%.

Curro plans to start paying dividends to shareholders at the end of 2018.

RISK MATRIX



RISKS AND RESPONSES

The following table illustrates the group's top risks and how the group mitigates these:

Indicator	Risk	Responses
1	**Reputational risk** The most significant risk for Curro is that its reputation is damaged as a result of an event or series of 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 • Stakeholder communication • Transformation Policies, procedures and the close monitoring of the results, are a priority for the board and management of Curro. Active engagement to understand and address risks, mitigate this risk further.
2	**Curriculum risk** 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. The most recent outcome-based education model has, however, placed undue pressure on South African educators, because of its administrative burdens.	Curro schools have the advantage of curriculum experts who guide educators in curriculum planning to maintain an ideal balance between the written and the received curriculum. This ideal balance motivates educators, because they can invest more time in teaching than in curriculum planning. Curro has also complemented the required government curriculum with additional learning areas that are considered relevant international best practice.
3	**Investment risk** • 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 government is not able to deliver entirely, the market still offers significant growth opportunities. • Proper qualitative and quantitative due diligence encompassing inter alia population trends, access routes and land assessments ensures that the appropriate sites are selected. • Acquisitions are carefully considered to ensure that the area still offers growth opportunities and the ethos of the target market is aligned with that of Curro. • As the portfolio of schools expands the impact of incorrect location of a single school will decrease.

Indicator	Risk	Responses
4	**Financial risk** • Accurate historical and forecasted management information. • Investment and expense management.	The expanding network of schools has necessitated ongoing investment in systems which are continually developing. A robust budgeting process is followed for capital and expense management, which is continually monitored. There is also a 10-year forward growth plan for every school, which performance is tracked against. Management is incentivised to outperform the set targets.
5	**Cash flow and funding risk** The availability of financial resources to meet operational requirements and expand the network of schools.	Curro is a profitable company that can comfortably meet its day-to-day financial requirements. For expansion, Curro has over the past couple of years diversified its sources of funding from a single commercial bank to a combination of multiple commercial banking relationships, funding from development finance institutions, as well as a listed domestic medium term note programme (bonds). As a listed company Curro has the further option to raise capital from the equity markets, which is supported by a strong shareholder of reference.
6	**Information technology risk** Curro is continually becoming more dependent on connected technology which has exponentially increased with the introduction of handheld devices for a large number of its learners. High availability infrastructure, which includes the basic supply of electricity, is therefore becoming imperative.	Curro has built a nation-wide area network with industry leaders in the field. Access is well managed and controlled. We are implementing the best practice for the security risks of hand-held devices in order to further protect our information. Alternative forms of electricity are now a key priority in the design of new campuses and we have already addressed current sites that have experienced issues with power supply in the past.
7	**Human resources risk** • Recruiting the right skilled and experienced educators. • Competitive employee remuneration. • Managing an increasing workforce.	Curro believes it has a good employee value proposition, which includes: a good working environment, market-related remuneration packages and school fee discounts. A future focus area will be its benefits (i.e. medical aid and retirement) strategy. All executive heads are experienced leaders. They receive human resource management support from our contracted service provider and regional heads. Curro places a lot of emphasis on the development of our educators who are developed through in-service training and also through our Institute for Higher Education. The Institute for Higher Education also provides newly qualified educators whom Curro considers in its recruitment process.
8	**Economic risk** 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 experiences that parents spend 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. The Meridian and Curro Academy models have school fees that are affordable in respect of independent schooling norms and comparative to that of the government schools.
9	**Safety risk** Facilities and other factors in the environment that can be harmful to our learners and employees.	• 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. • Policies are in place requiring appropriate conduct, duty and care by employees. • Schools are fenced off with controlled entrance through security guards.

More detail on risk management can be found in the corporate governance report (page 52) of this report.

Meridian Cosmo City (Gauteng). Opened doors in 2015 with 550 learners

CORPORATE GOVERNANCE

Curro and its board of directors (board) are committed to maintaining high corporate governance standards in all areas of the business. In doing so, Curro believes that sustainable shareholder value is created. The practices and policies that are applied to adhere to these standards are based on, inter alia, the Companies Act, the JSE Listings Requirements, the King Report on Governance for South Africa and the King Code of Governance Principles (King III).

The company has applied, as far as practical and in all material respects, with the principles contained in King III since date of listing. The board does not consider that the application of all the principles contained within King III are appropriate for Curro. The specific principles of King III that have not been applied, and which are annually assessed, together with explanations therefore are:

King III principles	Curro's view
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. The directors are familiar with the complexities of the business and have sufficient experience and skills to serve as directors. New directors will have unlimited access to the company's resources in order to familiarise themselves with all matters related to the company. Non-executive directors are required to visit at least one Curro school annually.
Shareholders should approve the company's remuneration policy	The company's remuneration policy is not put to shareholders for a non-binding advisory vote as the Board believes it is best placed to determine and approve the company's remuneration policy. Appropriate governance practices are applied when decisions are taken on non-executive directors' remuneration (annually put to shareholders), executive directors and employees' remuneration. Refer to page 54 of this report for detail on the remuneration philosophy of the group.
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 low impact on the environment), Curro does not publish a separate sustainability report for the time being. However, material matters that could impact sustainability are reported on in the integrated report.
Sustainability reporting and disclosure should be independently assured	Due to the nature of its business (i.e. education on annuity basis and inherent low impact on the environment), Curro does not publish a separate sustainability report for the time being. However, material matters that could impact sustainability are reported on in the integrated report, which is not independently assured.

The Curro register on the application of the principles of King III is available at www.curro.co.za.

Board and board committees

Curro board
5 Non-executives (4 independent)
4 Executives

Remuneration committee	Audit and risk committee	Social, ethics and human resources committee
Three non- executives (Two independent)	Three independent non-executive directors	Two executives and one non-executive

Board of directors

The board is key to Curro's corporate governance system and is ultimately accountable and responsible for the governance, performance and affairs of the group. The board has and retains effective control of the company. The board monitors and ensures that Curro operates ethically and conforms to the standards of corporate governance set for Curro. 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 group's business.

The board has an approved charter (based on its memorandum of incorporation) and fulfilled it during the year under review. The primary responsibilities of the board are to:

- Approve Curro's strategy and monitor performance against achievement thereof;
- Review and approve annual and interim financial reports, budgets and business plans;
- Review risk management strategies and ensure internal controls and compliance policies are in place;
- Advise on corporate finance actions in conjunction with the company's sponsor;
- Advise on stakeholder communication and governance issues;
- Make material investment, disinvestment and refinancing or restructuring decisions;
- Make recommendations to shareholders on non-executive directors' remuneration;
- Review and approve amendments to share incentive scheme with the recommendation of the remuneration committee;
- Appoint new directors (executive and non-executive) and ensure appropriate orientation and induction of new directors;
- Define clear areas of responsibility at board and board committee level to ensure appropriately limited individual decision-making ability; and
- Determine and approve amendments to the group's treasury policy.


Grade 12 learners leave Curro, empowered to embrace their future with confidence

Strategic direction

The board sets the strategic direction of the group, which is taken into account when the annual budget is submitted to the board for approval and is reflected in the group's 10-year plan. The board holds a strategy board meeting annually and monitors performance of the group at its quarterly board meetings.

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 (including assessing the diversity of skills so required) that such appointee can bring to the table. The board takes cognisance of these factors before making any such appointment. The board decided not to appoint a nominations committee as the entire board takes responsibility for the appointment of directors and if so required, the board appoints an ad hoc committee to screen the curricula vitae of prospective candidates or to conduct interviews, when a vacancy arises. 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. There are no fixed-term contracts for executive directors and executive directors are employed in terms of their formal employment agreements that contain appropriate notice periods and restraint of trade provisions so as to protect the company's assets. For non-executives, one-third of the non-executive directors of Curro, as well as non-executive directors having served three years, retire by rotation and offer themselves for re-election by shareholders at the AGM which is in accordance with the company's memorandum of incorporation (MOI).

Board composition

Curro has a fully functional board, comprising executive and non-executive directors, which leads and controls the company. The composition of the board comprises of four executive and five non-executive directors, the majority of the non-executive directors being independent. One of the non-executive directors is not independent given that he is a representative of the major shareholder, PSG Group Ltd, and his skills and experience are invaluable on the board. There were no changes to the board during the year. 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 and board committee level to ensure a balance of power and authority. The board is chaired by Santie Botha, an independent non-executive director. The chairperson of the board is responsible, inter alia, for ensuring the integrity and effectiveness of the board's governance processes. As Santie Botha is an independent non-executive chairperson, no need exists for a lead independent non-executive director.

The four executive directors consist of the chief executive officer (CEO), chief financial officer (CFO), chief operating officer (COO) and chief investment officer (CIO). Abbreviated curricula vitae of the individual directors on the board are contained on pages 24 and 25 of this report.

Delegation of powers and conflicts of interests

The board appointed an audit and risk committee, remuneration committee and social, ethics and human resources committee to assist with its performance of duties. The mandate of these committees are defined in their charters that are annually reviewed. Details on these committees are set out on pages 50 and 51 of this report.

The board's governance and management functions are linked through the CEO, Dr Chris van der Merwe, who is tasked with the running of the business and the implementation of the policies and strategies adopted by the board. The board has also empowered Curro's executive directors and management 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.

The board has a formal process in place to manage conflicts of interests whereby each director individually is obliged to disclose any conflict he/she may have on a matter for discussion at the board and to disclose the relevant information necessary to the board prior to recusing him/herself so that the un-conflicted directors can decide on the matter. In addition to the above, the directors annually disclose their personal financial interests in writing and which is updated as and when the director/s submit changes thereto, to the company secretary. These written notices are available for inspection at every board meeting and also a standing item on the agenda of board meetings.

Governance structure

The Curro group's governance structure has been developed based on the regulatory requirements (i.e. JSE Listings Requirements, Companies Act and King III) and taking into account the size and complexity of the business and at the same time with a focus on how it adds value to the business. The board collectively consists of diverse skills and demographics, has great depth of knowledge and experience that is necessary to ensure effective leadership is provided to the group. None of the non-executive directors have served on the board longer than nine years and the independence of the four independent non-executive directors are invaluable to the leadership and guidance that they provide. Refer to pages 24 and 25 for details of the board members.

The compositions of the board committees have been determined by the board to ensure that the skills and experience of the directors are utilised appropriately for the effective functioning of the board committees. The board also determines which invitees are to be requested to attend meetings of the board committees to provide additional insight and influence discussions at these committees.

The chairperson of the board approves the attendance of any invitees at board meetings.

The subsidiaries of the group do not have separate board committees as the relevant Curro board committee fulfil these roles as such for those subsidiaries. The board and board committees meet in accordance with their mandates, which mandates are reviewed annually. Subsidiaries of the group are expected to adopt Curro's policies insofar it is relevant to the subsidiary's business and not in conflict with a contract that may be in place.

The board and board committee evaluation took place for the first time in 2015, which findings (no material issues were identified) were discussed at its first board meeting in 2016 and appropriate actions agreed to ensure continued development of the board as a whole and ensuring the continued effectiveness of the committees.

Audit and risk committee

The audit and risk committee comprises only of independent, non-executive directors, being Barend Petersen (chairman), KK Combi and Dr Sibongile Muthwa. There were no changes to the composition of the committee during the year. This committee meets at least twice per annum.

The audit and risk committee is combined. This committee fulfilled its role in accordance with its charter for the year ended 31 December 2015. The primary responsibilities of the audit and risk committee are to:

- Set the principles for the annual appointment and evaluation of the external auditors, the audit plan and audit fees;
- Approve any use of the external auditors for non-audit services and approve the fees relating thereto;
- Annually consider and satisfy itself as to the appropriateness of the expertise and the experience of the CFO of Curro;
- Consider the audited financial results and statements and interim financial results for recommendation to the board;
- Review the process and system of risk management and ensure that regular risk management assessments are performed by management;
- Oversee the internal control environment;
- Consider and approve the risk-based internal audit plan and internal audit fees, to review progress to achieve the plan and to review the results of internal audits and follow-up audits (if so requested by the audit and risk committee). The internal auditors include within their internal audit assessments a written statement on the effectiveness of the internal controls. Curro has an outsourced internal audit function which reports directly to the audit and risk committee; and
- Assists the board with the information technology governance of the group given that information technology is an important business component of the group.

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

Also refer to the report from the audit and risk committee on pages 60 and 61 on this report and to the going concern statement that is contained in the directors' report in the audited financial statements on page 64.

Remuneration committee

The remuneration committee consists of non-executive directors, the majority being independent. The committee members are Piet Mouton (chairman), Santie Botha and KK Combi. The CEO is an invitee at its meetings and both the CEO and company secretary are asked to be recused when their performance reviews are done. The remuneration committee meets at least once a year.

The remuneration committee is primarily responsible for reviewing and approving executive directors' remuneration and dealing with all matters relating to the Curro Holdings Limited Share Incentive Trust (Curro's employee share scheme) on the board's behalf. The remuneration committee fulfilled its role in accordance with its charter for the year ended 31 December 2015.

The primary responsibilities of this committee are to:

- Review the executive directors' performance metrics annually and approve any changes thereto;
- Review performance against the approved metrics and approve any changes to the remuneration of the executive directors;
- Review the performance of the executive committee members who are not directors and that of the company secretary and approve changes to their remuneration;
- Review the non-executive directors' fees and make

recommendations to the board for recommendation to shareholders annually at the AGM;
- Approve the awards of share options in terms of Curro's employee share scheme;
- Approve Curro's employee share scheme model and any amendments thereto;
- Review and make recommendations to the board on changes to the trust deed of Curro's employee share scheme;
- Review the organisational employees organogram and make recommendations to management on any changes thereto;
- Consider annually that the total bonus is commensurate with the performance and achievement of strategic objectives of Curro; and
- Monitor that appropriate succession planning is in place at executive level.

Refer to the remuneration report on pages 54 and 55 of this report for further detail on the remuneration of directors.

Social, ethics and human resources committee

The social ethics and human resources committee comprises three directors, one of whom is a non-executive director, being Piet Mouton (chairman), Bernardt van der Linde and Dr Chris van der Merwe. Subsequent to year-end, Dr Sibongile Muthwa has been appointed member and chairperson of this committee and Piet Mouton has resigned as a committee member.

This committee is primarily responsible for, as contained in its board approved charter, monitoring of Curro's responsible corporate citizenship. Ethical practices are of paramount importance to Curro and educators of Curro are expected to abide to Curro's practices and guidelines as set out in the policies and procedures of the schools and which includes but is not limited to guidance on classroom practices and conduct, curriculum management, professional conduct, the giving and receiving of gifts, the non-condoning of acceptance of bribes, compliance with laws and legislation and how to report on misconduct or non-compliance issues.

The primary responsibilities of this committee are to:

- Monitor Curro's performance in the context of social and economic impact legislative requirements for example the Broad-based Black Economic Empowerment Act;
- Monitor consumer relationships;
- Review the Curro code of ethics as and when required; and
- Monitor compliance with legislative impact requirements as it pertains to the environment, health, public safety, labour and ethical practices.

Executive committee

The executive committee (Exco), a management committee, is a key executive decision making body of Curro. The Exco is primarily responsible for general executive control and management of the activities and business of Curro and its subsidiaries and assists the CEO to implement the strategy set by the board. In doing so, the Exco monitors business success and the operational, financial and educational performance of the group (which includes Curro's subsidiaries and associated companies). The Exco considers for recommendation to the board which investments in schools and land are to be made. The Exco reviews budgets, business plans and strategy for recommendation to the board. The Exco considers material and high risks affecting the business performance and sustainability and ensures that appropriate action is taken to address these. Refer to pages 24 to 27 of this report for abbreviated curriculum vitae of the Exco members.

IT governance and developments

Ongoing development and maturation of IT governance processes have been evident. These processes include:

- The regular use of an IT governance framework;
- The ongoing review and consideration of audits conducted (internal through our outsourced internal audit and our external audit);
- The routine consideration of IT governance matters on the agendas for the audit and risk committee, and board meetings; and
- The embedding of appropriate IT governance practices in day-to-day operations.

The audit and risk committee considers the efficacy of IT controls, policies and processes insofar as these might pose a risk to the financial reporting process, and the effectiveness of financial controls as well as monitors management's initiatives to ensure that IT risks are managed appropriately so as not to pose a threat to the continuity of the group's operations. The board reviews progress on completion of core IT projects as approved with the annual budget process, which ensures IT is linked to the strategic objectives of the group.

Stakeholder communications

The company believes in clear, transparent, concise and timely dissemination of relevant information to all stakeholders. The board strives to provide its stakeholders with relevant and accurate information. The regulatory requirements regarding the dissemination of information are observed. In addition thereto, reputational risks relating to published information regarding the business is managed and continuously improved, to ensure the image and brand of Curro is protected.

Management of risks

The board, being responsible for the risk management of Curro, has delegated the oversight role thereof to the audit and risk committee. However, the board approves any changes to the risk appetite of the group. The main potential risks are brand reputation management, economic and human resources risks. For more detail on the risks and responses refer to pages 44 and 45. For these risks as well as other identified risks, the board is satisfied that it is appropriately monitored and mitigated. The board is of the view that the risk management system together with the internal control environment is effective and commensurate with the size and nature of the business.

Compliance risk is monitored within the risk reporting that is submitted to the audit and risk committee and the board so as to ensure that appropriate action is taken by management to mitigate these risks. The monitoring and management of compliance with laws and legislation, compliance management of schools resides under the dedicated primary and high schools' curriculum management team (for compliance at school level), the quantity surveyor (for the construction portion of the business) and the executive directors and senior managers responsible for their areas appointed, in the different departments of the business. There were no major non-compliance incidents resulting in fines or prosecution during the year ended 31 December 2015.

Dealing in securities

A formal policy to manage and monitor dealings in securities of Curro by directors and specific employees (as identified by the CEO) to ensure adherence to the JSE Listings Requirements exists and is administered by the company secretary.

The chairperson of the board and one of either the CEO or CFO are mandated to authorise clearance to directors to trade in Curro securities. A similar process is in place for certain employees of the group. No trading is allowed during closed periods, as contemplated in the JSE Listings Requirements, or when specific information exists that may materially affect the share price, which information has not been disclosed to the public.

Company secretary

Ronell van Rensburg, Curro's company secretary, plays an essential role in the continuing effectiveness of the board and ensures that the board has access to the information they require for decision-making. The board is satisfied with the competence, qualification and experience of the company secretary which is reviewed annually. Refer to page 27 of this report for an abbreviated curriculum vitae of the company secretary. The company secretary is primarily responsible for the administration of the board, Curro and Curro's shareholders in accordance with applicable legislation and procedures. The company secretary is also responsible to inform the board of any failure to comply with Curro's MOI, the Companies Act and other related corporate governance policies of Curro. Board members have unlimited access to the company secretary. The board members also have access to legal and other expertise, when required, at the cost of the company, through the company secretary. The board also has access to company information and management as and when required.

The company secretary is responsible for liaison with the Companies and Intellectual Property Commission and the JSE. The company secretary is not a director nor related to any of the directors, and the board is satisfied that an arm's length relationship between the board and company secretary exists. The company secretary has to date maintained a professional relationship with the directors, giving direction on good governance and independent advice as and when required.

Curro Century City's Gareth Dahl that was presented with the Teenager Lead SA award from KFM radio station for his outstanding work in the community and he was recognised for a 10km "Gun Run" event where he raised R12 500 towards an animal shelter

During 2015, a substantial amount of the group's policies (including the delegation of authority levels) were reviewed taking into account legislative requirements as well as enhancing operational business efficiency.

The certificate that the company secretary is required to issue in terms of section 88(2)(e) of the Companies Act is on page 58 of this report.

Board and board committees for the year ended 31 December 2015:
The table below illustrates the number of meetings and attendance thereat, directors' age and tenures of service:

Name of director	Age	Years of service since appointment/ employment	Board: quarterly plus a strategic session	Audit and risk committee: bi-annually	Remuneration committee: annually	Social, ethics and human resources committee: annually
Santie Botha *(appointed on 09/07/2012)*	51	4 years	5/5(C)	2/2 (I)	1/1 (M)	n/a
KK Combi *(appointed on 17/08/2012)*	65	4 years	5/5	2/2 (M)	1/1 (M)	n/a
Andries Greyling *(appointed on 01/02/2007)*	46	9 years	5/5	2/2 (I)	n/a	n/a
Hennie Louw *(appointed on 27/02/2012)*	48	6 years	5/5	2/2 (I)	n/a	n/a
Piet Mouton* *(appointed on 01/07/2009)*	39	7 years	5/5	2/2 (I)	1/1 (C)	1/1 (C)***
Dr Sibongile Muthwa* *(appointed on 01/05/2013)*	53	3 years	5/5	2/2 (M)	n/a	(C) ***
Barend Petersen *(appointed on 15/04/2011)*	56	5 years	5/5	2/2 (C)	n/a	n/a
Bernardt van der Linde *(appointed on 01/07/2009)*	38	7 years**	5/5	2/2 (I)	n/a	1/1 (M)
Dr Chris van der Merwe *(appointed on 30/12/1998)*	54	17 years (founder)	5/5	2/2 (I)	1/1 (I)	1/1 (M)

Notes:

(M) = Committee member
(I) = Invitee
(C) = Chairman/chairperson
n/a = not a member of the committee nor invited

* Retirement by rotation: up for re-election refer to the AGM notice (only relevant to non-executive directors). Refer to pages 24 and 25 of this report for the abbreviated curricula vitae.
** Was appointed a director prior to being employed by the company therefore the date of appointment to the board was used for calculation purposes.
*** Subsequent to year-end, Dr Sibongile Muthwa was appointed as member and chairperson with Piet Mouton resigning from this committee.

REMUNERATION REPORT

Curro values how its employees and leadership contribute to the strength of the business. It therefore ensures policies that are commensurate with the size and complexity of the business are in place which in essence covers the recruitment, the management of the employee-employer relationships and the remuneration of its employees.

Recruitment, employee relationship management and performance management

The appointment of appropriately skilled and experienced employees at appropriate remuneration packages play a pivotal role in the provision of quality education in the classroom and also the provision of the appropriate level of support that the schools require from time to time. This principle applies to both employees and management.

To monitor and manage recruitment practices of the group, formal policies and procedures exist that management have to adhere to. Employees enter into contracts with Curro or the subsidiary he/she is employed by and which sets out at a minimum: the role the employee is appointed for, the cost-to-company salary packages (includes benefits) and notice periods applicable.

Curro offer competitive market-related remuneration packages. It remains a challenge to attract employees in scarce skills in certain of the subject specialist roles at Curro. Curro has consistently been able to offer employees yearly increases above consumer inflation.

Management regularly assess and evaluate potential improvements to conditions of employment and work environment, to enhance the employee proposition and take the long-term well-being of the company into account.

A number of policies exist in the group to ensure that the employer-employee relationship is managed and these cover a wide range of topics for example: leave, good corporate citizenship, HIV/AIDS, travel and subsistence allowances, moonlighting, code of ethics, code of conduct, disciplinary, health and safety, use of information technology, social media, etc. Sufficient communication forums exist in the group to ensure that material human resource issues are escalated to management to be dealt with.

A performance management system exists which ensures that processes are in place for the setting of performance measures and to measure and monitor progress against these. Appropriate governance structures and processes are in place to ensure that formal annual reviews of performance of employees take place and that the salary increases and bonus recommendations of senior management are evaluated and approved by the Exco of the group. Refer to the corporate governance report on page 50 which sets out the role and responsibilities of the remuneration committee relating to the remuneration of Exco and that of the company secretary and the Curro share incentive scheme.

An appropriate training and development programme is in place to ensure that educators and the management of the schools receive continuous training and development. Continuing professional development of educators is important and is budgeted for annually. A leadership development programme exists to fast-track talent within the schools of the group.

Refer to the discussion of our capitals for more detail on the human capital of the group.

Remuneration

Within this context, the group's remuneration philosophy has been formulated and consists of a total cost to company package (including benefits for example: 13th cheques, maternity leave, tertiary study benefits), a cash bonus (also linked to the performance of the company) and long-term incentives (limited in participation) which assists with the retention of key skills within the management of the group (the rules of which have been approved by the Curro group shareholders).

Directors' remuneration	2015 R'000	2014 R'000
*Executive remuneration**		
AJF Greyling	3 488	2 546
HG Louw	2 727	2 278
B van der Linde	2 737	2 268
CR van der Merwe	4 434	3 279
	13 386	10 371
Non-executive directors' fee		
SL Botha	395	360
ZL Combi	214	200
PJ Mouton**	214	200
SWF Muthwa	193	180
B Petersen	214	200
	1 230	1 140

Notes:

* Cost to company excluding gains on exercise of share options.

** PJ Mouton is a non-executive director of Curro, a subsidiary of PSG Financial Services Ltd. PJ Mouton has a standard service contract with PSG Corporate Services (Pty) Ltd and his remuneration for services rendered as executive director within the PSG Group for 2015 are emoluments of R3.5 million and bonus and performance related payments of R4.9 million, which is paid by PSG Corporate Services (Pty) Ltd.

Curro acquired Windhoek Gymnasium (Namibia) effective 1 March 2016

The reports and statements set out below comprise the consolidated and separate financial statements presented to the shareholders:

An indoor heated swimming pool at a Curro School

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 consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of Curro Holdings Ltd and its subsidiaries (group) as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS) and the Companies Act. The external auditors are engaged to express an independent opinion on the consolidated and separate financial statements.

The consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Ltd (JSE) and the Companies Act of South Africa. The annual financial statements have been prepared using 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 of directors 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 consolidated and separate 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 consolidated and separate cash flow forecast for the year to 31 December 2016 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the consolidated and separate financial statements. The consolidated and separate financial statements have been examined by the group's external auditors and their report is presented on page 59.

The consolidated and separate financial statements set out on pages 60 to 130, which have been prepared on the going concern basis, were approved by the board of directors on 16 May 2016 and were signed on their behalf by:

SL Botha
Chairperson of the board

CR van der Merwe
Chief Executive Officer

Durbanville
16 May 2016

Preparation of the consolidated and separate financial statements

The consolidated and separate financial statements of Curro Holdings Ltd for the year ended 31 December 2015 have been prepared internally and supervised by the chief financial officer, Mr B van der Linde CA(SA), CFA.

Company secretary's certificate

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify to the best of my knowledge that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

R van Rensburg
Company secretary

Durbanville
16 May 2016

To the shareholders of Curro Holdings Limited

Report on the financial statements

We have audited the consolidated and separate financial statements of Curro Holdings Limited set out on pages 60 to 130, which comprise the statements of financial position as at 31 December 2015, 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 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 judgment, 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 consolidated and separate 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 Limited as at 31 December 2015, 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.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 43 to the consolidated and separate financial statements which indicates that the previously issued financial statements for the year ended 31 December 2015, on which we issued an auditor's report dated 18 March 2016, have been revised.

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 2015, we have read the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Certificate 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.

Report on Other Legal and Regulatory Requirements

In terms of the Independent Regulatory Board for Auditors (IRBA) Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that Deloitte & Touche has been the auditor of Curro Holdings Limited for 5 years.

Deloitte & Touche

Deloitte & Touche
Registered Auditors

Per: MA van Wyk
Partner
16 May 2016

This report is provided by the audit and risk committee appointed in respect of the 2015 financial year of curro Holdings Limited and its subsidiaries.

1. Members of the audit and risk committee

The members of the committee consist solely of independent non-executive directors.

The members are B Petersen (Chairman), ZL Combi and Dr SWF Muthwa. The company secretary is the secretary of the committee.

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 Regulation, 2011.

2. Purpose

The purpose of the committee is to:

- Ensure the integrity of Curro's integrated reporting;
- Review the effectiveness of Curro's financial reporting process;
- Review the effectiveness of Curro's assurance process;
- Review the effectiveness of Curro's process for monitoring compliance with laws and regulations;
- Assist the board in carrying out its risk responsibilities including the review of the effectiveness of the management thereof. Management remains responsible for the design, implementation and monitoring of the risk management plan;
- Assist the board with its information technology (IT) governance responsibilities. Management remains responsible for the implementation of an IT governance framework;
- The committee even though appointed by shareholders, reports to the Curro board of directors. If differences of opinion arise between the committee and the board of directors, where the committee's statutory functions are concerned, the committee's decision will prevail.

3. Meetings held by the audit and risk committee

The committee performs the duties laid upon it by Section 94(7) of the Companies Act 71 of 2008, as amended 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 2015 which meetings were attended by all members of the committee.

4. External auditor

The committee has nominated Deloitte & Touche as the independent auditor and MA van Wyk as the designated partner, who is a registered independent auditor, for appointment of the 2015 audit.

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act 71 of 2008 and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act 71 of 2008, as amended, that internal governance processes within the firm support and demonstrate the claim to independence.

The 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 committee has considered and pre-approved all non-audit services provided by the external auditors and the fees relative there to so as to ensure the independence of the external auditors are maintained.

5. Consolidated and separate financial statements

Following the review of the consolidated and separate financial statements the 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 presented in the financial statements and to safeguard, verify and maintain the assets of the group and company.

Nothing has come to the attention of the committee to indicate that any material breakdown in the functioning of the group and company'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 the chief financial officer

As required by the JSE Listings Requirement 3.84 (h), the committee has assessed and is satisfied with the expertise and experience of the group chief financial officer.

8. Complaints and/or concerns

No complaints or concerns were received by the committee on any matters relating to the accounting practices and internal audit of the company, the content or auditing of the company's and consolidated financial statements, the internal financial controls of the company or on any other related matter during the year under review.

On behalf of the committee

B Petersen
Chairman of the audit and risk committee

Durbanville
16 May 2016

The directors have pleasure in submitting their report on the consolidated and separate financial statements of Curro Holdings Limited and its subsidiaries for the year ended 31 December 2015.

1. Incorporation

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

2. Nature of business

Overview

Curro Holdings Limited (Curro) develops, acquires and manages independent schools throughout South Africa and is a market leader in its field. The model caters for learners from the age of three months to Grade 12 as well as educator training.

Curro listed on the AltX during 2011 and transferred to the main board of the JSE during 2012. On listing, the company had 5 557 learners in 12 schools. To date the group has grown to 47 campuses (110 schools) accommodating 41 864 learners, which includes the educators' training college accommodating approximately 800 students.

Curro serves clients in models incorporating Curro schools, Curro Academy schools, Meridian schools, Select schools and Curro Castles (nursery schools). These schools are augmented by the Embury Institute for Teacher Education (Pty) Ltd (Embury) that also offers short-course training to educators in the public and private sectors.

Financial results

Revenue increased by 38% from R1 billion in 2014 to R1.38 billion in 2015. Schools EBITDA increased by 46% from R262 million to R382 million over the same period with EBITDA increasing by 52% from R192 million to R292 million. The increase is attributable to the increase in learner numbers offset by once-off head office expenses that occurred in the prior year. Due to tougher economic circumstances, bad debts as a percentage of turnover has increased from 0.6% in 2014 to 1% in 2015, which is in line with Curro's long-term average.

The EBITDA margin increased from 19% to 21%. Net interest expense has increased by 65% from R55 million to R91 million as a result of a higher interest expense in the Meridian business. Headline earnings increased by 79% from R56 million to R100 million. However, headline earnings per share increased by 67% from 17.2 cents to 28.7 cents due to the increase in the weighted average number of shares in issue following the rights offer in May 2015.

Investment and expansion

In 2015 Curro invested R1 billion in growth and expansion projects. The most significant investments included:

- R284 million in the construction of new Curro campuses at Sitari (Somerset West) and a high school at Hillcrest (KwaZulu-Natal), as well as three new Curro Castles (nursery schools) at Waterfall Estate, Bryanston and Douglasdale (all based in Gauteng);
- R646 million invested to expand existing campuses, which included significant expansions at, *inter alia*, Waterstone College, Grantleigh, St Dominic's Academy, Curro Hazeldean, Curro Serengeti and Curro Bankenveld; and
- R85 million was invested as part of our land banking initiative to secure an office site in Rivonia (Gauteng), which will be converted into a Curro Castle and a Curro primary school in 2016.

Curro intends to invest up to R2 billion in 2016. R800 million is earmarked for the construction of new campuses and R450 million for the expansion of existing campuses. The remainder will be used for acquisitions and land banking opportunities.

Institute for Higher Education

In 2016, Embury, based in KwaZulu-Natal, will educate more than 800 full-time and 100 distance learning students. It will also provide continuous professional development education courses to approximately 4 000 teachers.

This year will also mark the expansion of Embury's geographic footprint and academic offerings. Embury will commence with the conversion of a new larger site in Durban to accommodate 2 600 students, construct a new campus at Waterfall Estate (Midrand) with a capacity of 1 400 students, as well as acquire a 800-student capacity campus in Montana (Pretoria).

We are in the process of developing and registering a number of new courses, diplomas and degrees which will include BSc, BCom and BA degrees. We are also converting and registering our campus-based courses into distance learning offerings.

3. Share capital

Effective 8 May 2015, 29.6 million shares were issued by way of an underwritten renounceable rights offer at a subscription of R25.00 per rights offer share, in the ratio of 1 rights offer share for every 11 Curro ordinary shares. On 15 October 2015, 1.7 million shares were issued to employees through the Curro share incentive scheme. Share issue costs of R14 million were set off against the raised capital.

Refer to note 16 of the consolidated and separate financial statements for detail of the movement in authorised and issued share capital.

4. Control over unissued shares

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of Section 38 of the Companies Act. As this general authority remains valid only until the next AGM, the shareholders will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares, up to a maximum of 10% of the company's issued share capital, under the control of the directors until the next AGM.

5. Dividends

No dividends were declared or paid to shareholders during the year (2014: Rnil).

6. Directorate

The directors in office at the date of this report are as follows:

Directors	Office	Designation
SL Botha	Chairperson of the board	Non-executive independent
ZL Combi		Non-executive independent
AJF Greyling	Chief operating officer	Executive
HG Louw	Chief investment officer	Executive
PJ Mouton		Non-executive
SWF Muthwa		Non-executive independent
B Petersen		Non-executive independent
B van der Linde	Chief financial officer	Executive
CR van der Merwe	Chief executive officer	Executive

There have been no changes to the directorate for the year under review.

7. Shareholding of directors

The shareholding of directors, excluding the participation in the share incentive scheme, in the issued share capital of the company as at 31 December 2015 was as follows:

	2015				2014	
Directors	**Direct**	**Indirect**	**Number**	**%**	Number	%
SL Botha	**250 182**	**–**	**250 182**	**0.07**	200 000	0.06
AJF Greyling	**–**	**752 501**	**752 501**	**0.21**	810 001	0.25
HG Louw	**–**	**–**	**–**	**–**	147 822	0.05
PJ Mouton	**–**	**1 813 337**	**1 813 337**	**0.51**	1 743 423	0.54
B van der Linde	**129 299**	**313 300**	**442 599**	**0.12**	250 677	0.08
CR van der Merwe	**–**	**4 051 677**	**4 051 677**	**1.14**	4 501 677	1.38
	379 481	**6 930 815**	**7 310 296**	**2.05**	7 653 600	2.36

The register of interests of directors and others in shares of the company is available to the shareholders on request.

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report, save for 350 000 shares disposed by CR van der Merwe on 2 March 2016 at an average price of R44.77 per share.

8. Interests in subsidiaries and associates

Details of material interests in subsidiary companies and associates are presented in the consolidated and separate audited financial statements in notes 7 and 8.

The interest of the group in the profits of its associates for the year ended 31 December 2015 are as follows:

	2015	2014
Associates	**R'000**	R'000
Total share of equity accounted profits	**689**	1 149

9. Holding company

The group and company's holding company is PSG Financial Services Ltd which holds 58.3% (2014: 57.1%) of the group's equity. PSG Financial Services Ltd is incorporated in South Africa.

10. Ultimate holding company

The group and company's ultimate holding company is PSG Group Ltd which is incorporated in South Africa.

11. Special resolutions

No special resolutions, the nature of which might be significant to the shareholders in their appreciation of the state of affairs of the group were made by the company or any of its subsidiaries during the period covered by this report.

12. Events after the reporting period

Effective 1 March 2016, Curro acquired the business operations and properties of Windhoek Gymnasium, for a consideration of R180 million. No other events have been identified. The accounting for this transaction is still in progress.

13. Going concern

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate annual financial statement have been prepared on a going concern basis. The directors have satisfied themselves that the group and company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the group and company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

14. Auditors

Deloitte & Touche will continue in office in accordance with Section 90 of the Companies Act 71 of 2008 of South Africa, as amended.

15. Secretary

The company secretary is Ms R van Rensburg.

Postal address	**Business address**
PO Box 2436	38 Oxford Street
Durbanville	Durbanville
Cape Town	Cape Town
South Africa	South Africa
7551	7550

16. Sponsor

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

17. 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 applied 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 of directors 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.

18. Report of the audit and risk committee

The report of the audit and risk committee, as required in terms of Section 94(7)(f) of the Companies Act of South Africa of 2008, is set out on pages 60 to 61 of the consolidated and separate annual financial statements.

as at 31 December 2015

		Group		Company	
		2015	2014	**2015**	2014
	Note(s)	**R'000**	R'000	**R'000**	R'000
Assets					
Non-current assets					
Property, plant and equipment	4	**4 290 725**	3 338 184	**3 296 184**	2 522 947
Goodwill	5	**332 495**	337 883	**57 872**	52 094
Intangible assets	6	**133 953**	121 320	**51 330**	41 807
Investments in and loans to subsidiaries and associates	7, 8, 9	**9 554**	8 624	**504 513**	428 893
Other financial assets	10	**29 292**	7 414	**19 852**	–
		4 796 019	3 813 425	**3 929 751**	3 045 741
Current assets					
Inventories	13	**8 392**	17 458	**1 365**	10 300
Loans to group companies	9	**–**	6 007	**151 931**	82 673
Trade and other receivables	14	**36 410**	38 016	**67 893**	40 113
Other financial assets	10	**2 233**	–	**–**	–
Current tax receivable		**5 953**	2 805	**1 263**	1 266
Cash and cash equivalents	15	**230 526**	195 305	**166 616**	157 406
		283 514	259 591	**389 068**	291 758
Total assets		**5 079 533**	4 073 016	**4 318 819**	3 337 499
Equity and liabilities					
Equity					
Equity attributable to equity holders of parent					
Share capital	16	**2 834 177**	2 092 124	**2 877 532**	2 092 124
Reserves		**38 969**	8 735	**38 969**	8 735
Retained income		**215 046**	110 713	**115 256**	64 683
		3 088 192	2 211 572	**3 031 757**	2 165 542
Non-controlling interest		**(7 361)**	(1 038)	**–**	–
		3 080 831	2 210 534	**3 031 757**	2 165 542
Liabilities					
Non-current liabilities					
Other financial liabilities	19	**1 561 250**	1 395 404	**968 510**	849 638
Deferred tax	12	**188 564**	165 625	**97 736**	73 362
		1 749 814	1 561 029	**1 066 246**	923 000
Current liabilities					
Trade and other payables	21	**220 655**	273 578	**188 406**	215 990
Loans from group companies	9	**–**	–	**4 227**	6 668
Other financial liabilities	19	**28 183**	26 299	**28 183**	26 299
Current tax payable		**50**	1 576	**–**	–
		248 888	301 453	**220 816**	248 957
Total liabilities		**1 998 702**	1 862 482	**1 287 062**	1 171 957
Total equity and liabilities		**5 079 533**	4 073 016	**4 318 819**	3 337 499

for the year ended 31 December 2015

		Group		Company	
		2015	2014	**2015**	2014
	Note(s)	**R'000**	R'000	**R'000**	R'000
Revenue	22	**1 383 739**	1 000 701	**1 049 851**	760 938
Operating expenses		**(1 091 396)**	(809 359)	**(890 448)**	(624 447)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		**292 343**	191 342	**159 403**	136 491
Depreciation and amortisation		**(85 508)**	(58 313)	**(67 261)**	(44 801)
Earnings before interest and taxation (EBIT)	23	**206 835**	133 029	**92 142**	91 690
Investment revenue	24	**27 425**	11 906	**32 897**	12 978
Impairment		**(6 062)**	(811)	**(6 062)**	(811)
Bargain purchase gain		**4 242**	–	**4 242**	–
Share of profits of associates		**689**	1 149	**–**	–
Finance costs	25	**(117 836)**	(66 827)	**(61 205)**	(28 805)
Profit before taxation		**115 293**	78 446	**62 014**	75 052
Taxation	26	**(23 272)**	(27 688)	**(20 044)**	(23 516)
Profit for the year		**92 021**	50 758	**41 970**	51 536
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Effects of cash flow hedges	29	**24 706**	(2 751)	**24 706**	(2 751)
Total comprehensive income for the year		**116 727**	48 007	**66 676**	48 785
Total comprehensive income (loss) attributable to:					
Owners of the parent		**123 050**	52 224	**66 676**	48 785
Non-controlling interest		**(6 323)**	(4 217)	**–**	–
		116 727	48 007	**66 676**	48 785
Profit (loss) attributable to:					
Owners of the parent		**98 344**	54 975	**41 970**	51 536
Non-controlling interest		**(6 323)**	(4 217)	**–**	–
		92 021	50 758	**41 970**	51 536
Earnings per share (cents)					
Basic	30	**28.2**	17.0		
Diluted	30	**27.8**	16.8		
Headline earnings per share (cents)					
Basic	30	**28.7**	17.2		
Diluted	30	**28.3**	17.0		

for the year ended 31 December 2015

	Share capital R'000	Hedging reserve R'000	Share-based payments reserve R'000	Total reserves R'000	Retained income R'000	Total attributable to equity holders of the group R'000	Non-controlling interest R'000	Total equity R'000
Group								
Balance at 1 January 2014	**1 500 671**	**(489)**	**7 799**	**7 310**	**52 218**	**1 560 199**	**3 179**	**1 563 378**
Profit for the year	–	–	–	–	54 975	54 975	(4 217)	50 758
Other comprehensive income	–	(2 751)	–	(2 751)	–	(2 751)	–	(2 751)
Total comprehensive income for the year	**–**	**(2 751)**	**–**	**(2 751)**	**54 975**	**52 224**	**(4 217)**	**48 007**
Issue of shares	599 494	–	–	–	–	599 494	–	599 494
Shares issue costs	(8 041)	–	–	–	–	(8 041)	–	(8 041)
Recognition of share-based payments	–	–	8 111	8 111	–	8 111	–	8 111
Exercise of share options	–	–	(3 520)	(3 520)	3 520	–	–	–
Cancellation of share options	–	–	(415)	(415)	–	(415)	–	(415)
Total contributions by and distributions to owners of company recognised directly in equity	**591 453**	**–**	**4 176**	**4 176**	**3 520**	**599 149**	**–**	**599 149**
Balance at 31 December 2014	**2 092 124**	**(3 240)**	**11 975**	**8 735**	**110 713**	**2 211 572**	**(1 038)**	**2 210 534**
Profit for the year	**–**	**–**	**–**	**–**	**98 344**	**98 344**	**(6 323)**	**92 021**
Other comprehensive income	**–**	**24 706**	**–**	**24 706**	**–**	**24 706**	**–**	**24 706**
Total comprehensive income for the year	**–**	**24 706**	**–**	**24 706**	**98 344**	**123 050**	**(6 323)**	**116 727**
Issue of shares	**739 992**	**–**	**–**	**–**	**–**	**739 992**	**–**	**739 992**
Employee share option scheme: Proceeds of shares issued	**15 852**	**–**	**–**	**–**	**–**	**15 852**	**–**	**15 852**
Share issue costs	**(13 791)**	**–**	**–**	**–**	**–**	**(13 791)**	**–**	**(13 791)**
Recognition of share-based payments	**–**	**–**	**11 517**	**11 517**	**–**	**11 517**	**–**	**11 517**
Exercise of share options	**–**	**–**	**(5 989)**	**(5 989)**	**5 989**	**–**	**–**	**–**
Total contributions by and distributions to owners of company recognised directly in equity	**742 053**	**–**	**5 528**	**5 528**	**5 989**	**753 570**	**–**	**753 570**
Balance at 31 December 2015	**2 834 177**	**21 466**	**17 503**	**38 969**	**215 046**	**3 088 192**	**(7 361)**	**3 080 831**
Note(s)	16	18 & 29			29			

	Share capital R'000	Hedging reserve R'000	Share-based payments reserve R'000	Total reserves R'000	Retained income R'000	Total attributable to equity holders of the company R'000	Non-controlling interest R'000	Total equity R'000
Company								
Balance at 1 January 2014	**1 500 671**	**(489)**	**7 799**	**7 310**	**9 627**	**1 517 608**	**–**	**1 517 608**
Profit for the year	–	–	–	–	51 536	51 536	–	51 536
Other comprehensive income	–	(2 751)	–	(2 751)	–	(2 751)	–	(2 751)
Total comprehensive income for the year	**–**	**(2 751)**	**–**	**(2 751)**	**51 536**	**48 785**	**–**	**48 785**
Issue of shares	599 494	–	–	–	–	599 494	–	599 494
Share issue costs	(8 041)	–	–	–	–	(8 041)	–	(8 041)
Recognition of share-based payments	–	–	8 111	8 111	–	8 111	–	8 111
Exercise of share options	–	–	(3 520)	(3 520)	3 520	–	–	–
Cancellation of share options	–	–	(415)	(415)	–	(415)	–	(415)
Total contributions by and distributions to owners of company recognised directly in equity	**591 453**	**–**	**4 176**	**4 176**	**3 520**	**599 149**	**–**	**599 149**
Balance at 31 December 2014	**2 092 124**	**(3 240)**	**11 975**	**8 735**	**64 683**	**2 165 542**	**–**	**2 165 542**
Profit for the year	**–**	**–**	**–**	**–**	**41 970**	**41 970**	**–**	**41 970**
Other comprehensive income	**–**	**24 706**	**–**	**24 706**	**–**	**24 706**	**–**	**24 706**
Total comprehensive income for the year	**–**	**24 706**	**–**	**24 706**	**41 970**	**66 676**	**–**	**66 676**
Issue of shares	**739 992**	**–**	**–**	**–**	**–**	**739 992**	**–**	**739 992**
Employee share option scheme: Proceeds of shares issued	**59 207**	**–**	**–**	**–**	**–**	**59 207**	**–**	**59 207**
Share issue costs	**(13 791)**	**–**	**–**	**–**	**–**	**(13 791)**	**–**	**(13 791)**
Recognition of share-based payments	**–**	**–**	**11 517**	**11 517**	**–**	**11 517**	**–**	**11 517**
Exercise of share options	**–**	**–**	**(5 989)**	**(5 989)**	**5 989**	**–**	**–**	**–**
Transfer of assets under common control	**–**	**–**	**–**	**–**	**2 614**	**2 614**	**–**	**2 614**
Total contributions by and distributions to owners of company recognised directly in equity	**785 408**	**–**	**5 528**	**5 528**	**8 603**	**799 539**	**–**	**799 539**
Balance at 31 December 2015	**2 877 532**	**21 466**	**17 503**	**38 969**	**115 256**	**3 031 757**	**–**	**3 031 757**
Note(s)	16	18 & 29			29			

for the year ended 31 December 2015

		Group		Company	
		2015	2014	**2015**	2014
	Note(s)	**R'000**	R'000	**R'000**	R'000
Cash flows from operating activities					
Cash generated from operations	31	**261 110**	309 706	**123 610**	220 041
Interest income		**27 425**	11 906	**32 897**	12 978
Finance costs		**(117 836)**	(66 827)	**(61 205)**	(28 805)
Tax (paid) received	32	**(9 039)**	(8 077)	**3**	(489)
Net cash from operating activities		**161 660**	246 708	**95 305**	203 725
Cash flows from investing activities					
Purchase of property, plant and equipment	4	**(1 017 709)**	(1 121 646)	**(817 570)**	(945 076)
Sale of property, plant and equipment	4	**1 246**	1 008	**1 201**	4 126
Purchase of other intangible assets	6	**–**	(992)	**–**	–
Expenditure on product development	6	**(17 664)**	(6 799)	**(11 069)**	(6 799)
Business combinations	33	**1 809**	(31 714)	**(11 850)**	(31 714)
Movement in investments	34	**–**	(90 161)	**(81 675)**	(100 781)
Loans to group companies repaid		**6 007**	–	**8 563**	–
Loans advanced to group companies		**–**	(460)	**(71 766)**	(19 007)
Proceeds from loans from group companies		**–**	–	**–**	61 244
Repayment of loans from group companies		**–**	–	**(2 441)**	–
Movement in financial assets		**(4 259)**	(5 897)	**–**	(811)
Net cash from investing activities		**(1 030 570)**	(1 256 661)	**(986 607)**	(1 038 818)
Cash flows from financing activities					
Proceeds on shares issued	16	**742 053**	590 026	**785 408**	590 026
Proceeds from other financial liabilities		**189 312**	536 299	**140 315**	349 281
Repayment of other financial liabilities		**(27 234)**	–	**(25 211)**	–
Net cash from financing activities		**904 131**	1 126 325	**900 512**	939 307
Total cash movement for the year		**35 221**	116 372	**9 210**	104 214
Cash at the beginning of the year		**195 305**	78 933	**157 406**	53 192
Total cash at the end of the year	15	**230 526**	195 305	**166 616**	157 406

1. Presentation of audited financial statements

Curro Holdings Ltd is a public company incorporated in the Republic of South Africa. The principal activities are the provision of independent education within South Africa.

The audited financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act No 71 of 2008, as amended. The audited financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous year, except for standards included in note 3.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based payments*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

1.1 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating-decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

The basis of segmental reporting has been set out in note 2.

1.2 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the group and company and all investees which are controlled by the group and company.

The group and company has control of an investee when it has power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns.

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

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

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.

1.2 Consolidation (continued)

Basis of consolidation (continued)

Transactions which result in changes in ownership levels, where the group and company 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 and company 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.

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

Non-controlling interests arising from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets 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. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRSs.

In cases where the group and company 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.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group and company at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

Business combinations under common control are accounted for at book value at acquisition date.

Investment in associates

An associate is an entity over which the group and company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in associate is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 *Non-current assets held-for-sale and discontinued operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the group and company's share of net assets of the associate, less any impairment losses.

Losses in an associate in excess of the group and company's interest in that associate are recognised only to the extent that the group and company has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment; however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the group and company and an associate are eliminated to the extent of the group and company's interest therein.

When the group and company reduces its level of significant influence or loses significant influence, the group and company proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the group and company holds for its own use or for rental to others and which are expected to be used for more than one year.

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 company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and company and the cost can be measured reliably. Day-to-day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group and company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

1.3 Property, plant and equipment (continued)

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

Item	Depreciation method	Average useful life
Land	Straight-line	Not depreciated
Buildings	Straight-line	75 to 90 years
Premises equipment	Straight-line	5 years/6 years
Furniture and fixtures	Straight-line	6 years
Motor vehicles	Straight-line	5 years
Office equipment	Straight-line	6 years
Computer equipment	Straight-line	3 years/5 years
Computer software	Straight-line	2 years/3 years
School equipment	Straight-line	5 years/6 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any 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. Any 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.

1.4 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 and to use or sell the asset; and
- 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.

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

Reassessing the useful life of an intangible asset 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 (client list)	1 to 14 years
Trademarks	Indefinite
Curriculum material	6 years

1.5 Investment in and loans to subsidiaries and associates

Company annual financial statements

In the company's separate financial statements, investments in and loans to subsidiaries and associates 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.

1.6 Financial instruments

Classification

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

- Financial assets at fair value through profit or loss.
- Loans and receivables.
- Financial liabilities at fair value through profit or loss.
- 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 re-assessed 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 and company becomes a party to the contractual provisions of the instruments.

The group and company 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.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

1.6 Financial instruments (continued)

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss exclude dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the group and company's right to receive payment is established.

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 and company 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 and company, 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 less any accumulated impairment.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

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 90 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 is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Hedging activities

Designated and effective hedging instruments are excluded from the definition of financial instruments at fair value through profit or loss.

The group and company designates certain derivatives as either:
- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge).

The group and company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group and company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 11.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised to other comprehensive income and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within 'other income'.

1.6 Financial instruments (continued)

Cash flow hedge (continued)

Amounts accumulated in equity are reclassified to other comprehensive income to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

However, when the forecast transaction that is hedged results in the recognition of a non-financial item (for example, inventory or fixed assets) the gains and losses previously deferred in equity are transferred from equity in other comprehensive income and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in profit or loss as a reclassification adjustment through to other comprehensive income when the forecast transaction is ultimately recognised in profit or loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately recognised in profit or loss as a reclassification adjustment through to other comprehensive income.

1.7 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 end of 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 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. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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 end of 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.

1.8 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 on the remaining balance of the liability.

Operating leases – lessee

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

1.9 Inventories

Inventories are measured at the lower of cost and net realisable value.

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

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

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the group and company 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.

1.10 Impairment of assets (continued)

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.

The 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.

1.11 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.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.12 Share-based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as 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, or if the services received are employee services, their value and the corresponding increase in equity, are measured, indirectly, 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 re-measured 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, the group and company 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.

1.13 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) is recognised in the period in which the service is rendered and is 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 profit sharing 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.

1.14 Provisions and contingencies

Provisions are recognised when:

- The group and company 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.

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 shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be 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 the entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when the 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;
  - 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.

1.15 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- The group and company has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The group and company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the group and company.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

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

Enrolment fees and registration fees are recognised on initial registration. Re-registration fees are recognised in the year to which the re-registration 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.

1.16 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.

1.17 Significant judgements and sources of estimation uncertainty

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

Trade receivables, held to maturity investments and loans and receivables

The group and company assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group and company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Share-based payments

Management used the Black-Scholes model to determine the value of the options at issue date. Additional details regarding the estimates are included in note 17 – Share-based payments.

Impairment of assets

Goodwill, intangible assets and property, plant and equipment 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.

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.

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.

Useful lives and residual values

The estimated useful lives for property, plant and equipment are set out in note 1.3. Estimated useful lives and residual values are reviewed annually, taking in cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the education industry where the assets are used.

2. Segmental information

The reportable segments, which represents the structure used by the chief operating decision-maker, to make key operating decisions and assess performance are set out below:

Reportable segment	Products and services
Curro	Independent education and ancillary services. Includes Select Schools, Curro Academy Schools, Curro Castles and Teacher Training College
Meridian	Independent education and ancillary services

Segmental revenue and results

The Executive Committee (Exco) assesses the performance of the operating segments based on the measure of earnings before interest, tax, depreciation and amortisation (EBITDA).

Transactions within the group and company take place on an arms length basis.

The segment information provided to the Exco is presented below.

	2015			2014		
	Curro	**Meridian**	**Total**	Curro	Meridian	Total
Segment revenue and results	**R'000**	**R'000**	**R'000**	R'000	R'000	R'000
Total segment revenue	**1 171 848**	**235 455**	**1 407 303**	838 490	183 662	1 022 152
Inter-segment revenue	**(23 564)**	**–**	**(23 564)**	(21 451)	–	(21 451)
Revenue from external customers	**1 148 284**	**235 455**	**1 383 739**	817 039	183 662	1 000 701
EBITDA	**247 286**	**45 057**	**292 343**	158 692	32 650	191 342
Depreciation and amortisation	**72 449**	**13 059**	**85 508**	49 081	9 232	58 313
Investment revenue	**25 215**	**2 210**	**27 425**	10 912	994	11 906
Finance costs	**61 381**	**56 455**	**117 836**	29 313	37 514	66 827
Taxation	**27 432**	**(4 160)**	**23 272**	28 623	(935)	27 688
Profit after taxation	**110 086**	**(18 065)**	**92 021**	62 806	(12 048)	50 758

Segment assets and liabilities

The amounts provided to the Exco with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Investments in shares held by the group and company and deferred tax assets are not considered to be segment assets and are not allocated to segments.

Capital expenditure reflects additions to non-current assets, other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

The amounts provided to the Exco with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The table below provides information on segment assets and liabilities.

	2015			2014		
	Curro	**Meridian**	**Total**	Curro	Meridian	Total
Segment assets and liabilities	**R'000**	**R'000**	**R'000**	R'000	R'000	R'000
Capital expenditure	**994 740**	**22 977**	**1 017 717**	1 113 924	149 505	1 263 429
Total assets	**4 398 536**	**680 997**	**5 079 533**	3 437 998	635 018	4 073 016
Total liabilities	**1 350 711**	**647 991**	**1 998 702**	1 221 929	640 553	1 862 482

3. New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the group and company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations. These standards did not have a material impact on the group and company's financial statements.

Standard/Interpretation:	**Effective date: Years beginning on or after**
Amendment to IFRS 8: *Operating Segments: Annual improvements project*	1 July 2014
Amendment to IAS 24: *Related Party Disclosures: Annual improvements project*	1 July 2014
Amendment to IAS 16: *Property, Plant and Equipment: Annual improvements project*	1 July 2014
Amendment to IAS 40: *Investment Property: Annual improvements project*	1 July 2014
Amendment to IFRS 3: *Business Combinations: Annual improvements project*	1 July 2014
Amendment to IFRS 3: *Business Combinations: Annual improvements project*	1 July 2014
Amendment to IFRS 2: *Share-Based Payment: Annual improvements project*	1 July 2014
Amendment to IFRS 13: *Fair Value Measurement: Annual improvements project*	1 July 2014
Amendment to IAS 38: *Intangible Assets: Annual improvements project*	1 July 2014

3.2 Standards and interpretations not yet effective

The group and company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group and company's accounting periods beginning on or after 1 January 2016 or later periods. These standards are not expected to have a material impact on the group and company's annual financial statements.

Standard/Interpretation:	**Effective date: Years beginning on or after**
IFRS 9: *Financial Instruments*	1 January 2018
IFRS 15: *Revenue from Contracts with Customers*	1 January 2018
Amendment to IFRS 11: *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to IAS 16: *Property, Plant and Equipment* and IAS 38: *Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to IFRS 10: *Consolidated Financial Statements* and IAS 28: *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendment to IAS 27: *Consolidated and Separate Financial Statements: Equity Method in Separate Financial Statements*	1 January 2016
IFRS 14: *Regulatory Deferral Accounts*	1 January 2016
Amendments to IFRS 10: *Consolidated Financial Statements*, IFRS 12: *Disclosure of Interest in Other Entities* and IAS 28: *Investments in Associates and Joint Ventures*. Applying the consolidation exemption	1 January 2016
Amendment to IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations: Annual Improvements project*	1 January 2016
Amendment to IFRS 7: *Financial Instruments: Annual Improvements project*	1 January 2016
Amendment to IAS 19: *Employee Benefits: Annual Improvements project*	1 January 2016
Disclosure Initiative: Amendment to IAS 1: *Presentation of Financial Statements*	1 January 2016
Amendment to IAS 34: *Interim Financial Reporting. Annual Improvements project*	1 January 2016

4. Property, plant and equipment

Group

	2015			2014		
	Cost/ Valuation R'000	**Accumulated depreciation R'000**	**Carrying value R'000**	Cost/ Valuation R'000	Accumulated depreciation R'000	Carrying value R'000
Land and buildings	**3 956 108**	**(2 193)**	**3 953 915**	3 067 842	(2 140)	3 065 702
Furniture and fixtures	**180 896**	**(48 207)**	**132 689**	135 849	(28 114)	107 735
Computer equipment	**150 688**	**(78 327)**	**72 361**	118 149	(47 345)	70 804
Motor vehicles	**80 447**	**(24 232)**	**56 215**	64 095	(15 485)	48 610
School equipment	**67 123**	**(17 546)**	**49 577**	41 489	(10 222)	31 267
Computer software	**22 615**	**(13 917)**	**8 698**	14 967	(9 332)	5 635
Premises equipment	**25 408**	**(11 448)**	**13 960**	13 043	(6 391)	6 652
Office equipment	**6 956**	**(3 646)**	**3 310**	5 276	(3 496)	1 780
Total	**4 490 241**	**(199 516)**	**4 290 725**	3 460 710	(122 526)	3 338 185

Company

	2015			2014		
	Cost/ Valuation R'000	**Accumulated depreciation R'000**	**Carrying value R'000**	Cost/ Valuation R'000	Accumulated depreciation R'000	Carrying value R'000
Land and buildings	**3 010 120**	**(1 936)**	**3 008 184**	2 297 179	(112)	2 297 067
Furniture and fixtures	**153 164**	**(38 889)**	**114 275**	112 153	(21 652)	90 501
Computer equipment	**119 604**	**(61 829)**	**57 775**	90 528	(37 829)	52 699
Motor vehicles	**70 419**	**(20 907)**	**49 512**	56 098	(13 153)	42 945
School equipment	**58 148**	**(14 489)**	**43 659**	36 139	(8 307)	27 832
Computer software	**21 139**	**(13 015)**	**8 124**	13 754	(8 873)	4 881
Premises equipment	**21 200**	**(9 111)**	**12 089**	10 247	(4 158)	6 089
Office equipment	**5 103**	**(2 537)**	**2 566**	3 497	(2 564)	933
Total	**3 458 897**	**(162 713)**	**3 296 184**	2 619 595	(96 648)	2 522 947

Reconciliation of property, plant and equipment – Group – 2015

	Opening balance R'000	**Additions R'000**	**Additions through business combinations R'000**	**Disposals R'000**	**Depreciation R'000**	**Total R'000**
Land and buildings	**3 065 702**	**874 719**	**14 916**	**(69)**	**(1 353)**	**3 953 915**
Furniture and fixtures	**107 735**	**44 565**	**478**	**–**	**(20 089)**	**132 689**
Computer equipment	**70 804**	**33 413**	**231**	**(518)**	**(31 569)**	**72 361**
Motor vehicles	**48 610**	**17 824**	**486**	**(659)**	**(10 046)**	**56 215**
School equipment	**31 267**	**25 531**	**204**	**(20)**	**(7 405)**	**49 577**
Computer software	**5 635**	**7 719**	**–**	**–**	**(4 656)**	**8 698**
Premises equipment	**6 652**	**11 946**	**79**	**(10)**	**(4 707)**	**13 960**
Office equipment	**1 780**	**1 992**	**–**	**–**	**(462)**	**3 310**
	3 338 185	**1 017 709**	**16 394**	**(1 276)**	**(80 287)**	**4 290 725**

Reconciliation of property, plant and equipment – Group – 2014

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Depreciation R'000	Total R'000
Land and buildings	1 970 306	967 944	128 522	(57)	(1 013)	3 065 702
Furniture and fixtures	58 329	58 831	1 479	–	(10 904)	107 735
Computer equipment	46 177	46 963	432	(50)	(22 718)	70 804
Motor vehicles	27 189	21 390	7 778	(887)	(6 860)	48 610
School equipment	19 239	15 843	235	–	(4 050)	31 267
Computer software	3 741	6 210	–	–	(4 316)	5 635
Premises equipment	4 524	4 374	79	(7)	(2 318)	6 652
Office equipment	2 306	91	6	(38)	(585)	1 780
	2 131 811	1 121 646	138 531	(1 039)	(52 764)	3 338 185

Reconciliation of property, plant and equipment – Company – 2015

	Opening balance R'000	**Additions R'000**	**Additions through business combinations R'000**	**Disposals R'000**	**Depreciation R'000**	**Total R'000**
Land and buildings	**2 297 067**	**693 712**	**18 200**	**(69)**	**(726)**	**3 008 184**
Furniture and fixtures	**90 501**	**39 804**	**963**	**–**	**(16 993)**	**114 275**
Computer equipment	**52 699**	**27 745**	**1 019**	**(317)**	**(23 371)**	**57 775**
Motor vehicles	**42 945**	**15 201**	**715**	**(574)**	**(8 775)**	**49 512**
School equipment	**27 832**	**21 342**	**566**	**(20)**	**(6 061)**	**43 659**
Computer software	**4 881**	**7 385**	**1**	**–**	**(4 143)**	**8 124**
Premises equipment	**6 089**	**10 483**	**85**	**(10)**	**(4 558)**	**12 089**
Office equipment	**933**	**1 898**	**51**	**–**	**(316)**	**2 566**
	2 522 947	**817 570**	**21 600**	**(990)**	**(64 943)**	**3 296 184**

Reconciliation of property, plant and equipment – Company – 2014

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Depreciation R'000	Total R'000
Land and buildings	1 450 656	820 140	29 523	(3 252)	–	2 297 067
Furniture and fixtures	46 850	51 056	1 360	–	(8 765)	90 501
Computer equipment	38 308	31 506	420	(50)	(17 485)	52 699
Motor vehicles	24 311	18 788	6 903	(887)	(6 170)	42 945
School equipment	17 666	13 486	198	–	(3 518)	27 832
Computer software	3 529	5 435	–	–	(4 083)	4 881
Premises equipment	3 585	4 650	38	(7)	(2 177)	6 089
Office equipment	1 354	15	2	–	(438)	933
	1 586 259	945 076	38 444	(4 196)	(42 636)	2 522 947

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

Pledged as security

Carrying value of assets pledged as security:

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Land and buildings	**3 617 590**	2 876 753	**2 821 027**	2 150 633
Furniture and fixtures	**27 844**	33 308	**14 058**	17 473
Computer equipment	**22 012**	36 580	**10 399**	20 129
Motor vehicles	**50 114**	44 310	**46 393**	40 730
Premises equipment	**5 342**	3 567	**–**	449
Office equipment	**481**	1 416	**–**	826

Borrowing costs capitalised

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Borrowing costs capitalised to qualifying assets	**34 667**	29 524	**32 558**	25 438
Capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation	**10.06%**	10.80%	**10.06%**	10.20%

Registers containing the information required by Regulation 25(3) of the Companies Regulations, 2011 are available for inspection at the registered office of the group and company.

The group changed its residual value for buildings from 100% to 95% which will represent a change in accounting estimate as defined per IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors*. The effect of the change is an increase in depreciation of R724 926 in the current year. The effect of the change in accounting estimate for future periods is not disclosed due to the impracticality of the estimate.

The group changed its useful life for software from two years to three years which will represent a change in accounting estimate as defined per IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors*. The effect of the change is an decrease in depreciation of R3 098 112 in the current year. The change in the periods after 2015 would be a decrease in depreciation of R3 098 112 per year.

5. Goodwill

Group

	2015			2014		
	Cost	**Accumulated impairment**	**Carrying value**	Cost	Accumulated impairment	Carrying value
	R'000	**R'000**	**R'000**	R'000	R'000	R'000
Goodwill	**338 060**	**(5 565)**	**332 495**	338 060	(177)	337 883

Company

	2015			2014		
	Cost	**Accumulated impairment**	**Carrying value**	Cost	Accumulated impairment	Carrying value
	R'000	**R'000**	**R'000**	R'000	R'000	R'000
Goodwill	**63 437**	**(5 565)**	**57 872**	52 271	(177)	52 094

Reconciliation of goodwill – Group – 2015

	Opening balance R'000	Impairment loss R'000	Total R'000
Goodwill	**337 883**	**(5 388)**	**332 495**

Reconciliation of goodwill – Group – 2014

	Opening balance R'000	Additions through business combinations R'000	Total R'000
Goodwill	271 748	66 135	337 883

Reconciliation of goodwill – Company – 2015

	Opening balance R'000	Additions through business combinations R'000	Impairment loss R'000	Total R'000
Goodwill	**52 094**	**11 166**	**(5 388)**	**57 872**

Reconciliation of goodwill – Company – 2014

	Opening balance R'000	Additions through business combinations R'000	Total R'000
Goodwill	46 111	5 983	52 094

The goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit (CGU) 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.

When testing goodwill for impairment, the recoverable amounts of the cash generating units, 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 CGU. The growth rates are based on estimated growth in enrolment numbers.

The group and company prepares cash flow forecasts based on the CGU'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 and company integrates acquired learners into existing campuses, the group or company aggregates the CGUs for the purposes of performing an impairment assessment.

5. Goodwill *(continued)*

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

Group	Discount rate 2015	Discount rate 2014	Forecast cash flows 2015	Forecast cash flows 2014	Goodwill 2015 R'000	Goodwill 2014 R'000
Curro schools	**15% p.a**	15% p.a	**5 to 11 years, 10% growth rate**	5 to 11 years, 10% growth rate	**63 614**	57 837
Aurora College	**15% p.a**	15% p.a	**5 years, 10% growth rate**	5 years, 10% growth rate	**15 485**	15 485
Woodhill College	**15% p.a**	15% p.a	**5 years, 10% growth rate**	5 years, 10% growth rate	**59 191**	59 191
Campus and Property Management Company (Pty) Ltd	**15% p.a**	15% p.a	**5 to 11 years, 10% growth rate**	5 to 15 years, 10% growth rate	**96 337**	107 502
Embury Institute for Teacher Education (Pty) Ltd	**15% p.a**	15% p.a	**5 years, 10% growth rate**	5 years, 10% growth rate	**39 924**	39 924
Waterstone College (Pty) Ltd	**15% p.a**	15% p.a	**5 years, 10% growth rate**	5 years, 10% growth rate	**57 944**	57 944
					332 495	337 883

Company	Discount rate 2015	Discount rate 2014	Forecast cash flows 2015	Forecast cash flows 2014	Goodwill 2015 R'000	Goodwill 2014 R'000
Curro schools	**15% p.a**	15% p.a	**5 to 11 years, 10% growth rate**	5 to 11 years, 10% growth rate	**57 872**	52 094

Curro schools consist of the following: Durbanville, Langebaan, Hazeldean, Helderwyk, Hermanus, Serengeti, Nelspruit, Heuwelkruin, Embury, Hillcrest, Bloemfontein, Krugersdorp, Rosen Castle, Curro Castle George and Curro Academy Pretoria.

Aurora College, Woodhill College, Campus and Property Management Company (Pty) Ltd, Embury Institute for Teacher Education (Pty) Ltd and Waterstone College (Pty) Ltd 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.

During 2015 a goodwill impairment was recognised for Curro Castle George (R4.1 million) and Curro Academy Pretoria (R1.3 million). The goodwill and intangible asset impairment were disclosed as aggregate in the statement of comprehensive income.

6. Intangible assets

Group

	2015			2014		
	Cost/ Valuation R'000	**Accumulated amortisation R'000**	**Carrying value R'000**	Cost/ Valuation R'000	Accumulated amortisation R'000	Carrying value R'000
Trademarks	**69 157**	**(291)**	**68 866**	68 261	(199)	68 062
Curriculum material	**29 674**	**(822)**	**28 852**	12 042	(686)	11 356
Learner enrolments	**57 056**	**(20 821)**	**36 235**	57 056	(15 154)	41 902
Total	**155 887**	**(21 934)**	**133 953**	137 359	(16 039)	121 320

Company

	2015			2014		
	Cost/ Valuation R'000	**Accumulated amortisation R'000**	**Carrying value R'000**	Cost/ Valuation R'000	Accumulated amortisation R'000	Carrying value R'000
Trademarks	**12 584**	**(237)**	**12 347**	11 720	(145)	11 575
Curriculum material	**22 149**	**(822)**	**21 327**	11 080	(686)	10 394
Learner enrolments	**26 913**	**(9 257)**	**17 656**	26 331	(6 493)	19 838
Total	**61 646**	**(10 316)**	**51 330**	49 131	(7 324)	41 807

Reconciliation of intangible assets – Group – 2015

	Opening balance R'000	**Additions through business combinations R'000**	**Internally generated R'000**	**Amortisation R'000**	**Impairment loss R'000**	**Total R'000**
Trademarks	**68 062**	**864**	**32**	**–**	**(92)**	**68 866**
Curriculum material	**11 356**	**–**	**17 632**	**(136)**	**–**	**28 852**
Learner enrolments	**41 902**	**–**	**–**	**(5 085)**	**(582)**	**36 235**
	121 320	**864**	**17 664**	**(5 221)**	**(674)**	**133 953**

Reconciliation of intangible assets – Group – 2014

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Internally generated R'000	Amortisation R'000	Total R'000
Trademarks	46 561	30	21 471	–	–	68 062
Curriculum material	3 595	962	–	6 799	–	11 356
Learner enrolments	47 451	–	–	–	(5 549)	41 902
	97 607	992	21 471	6 799	(5 549)	121 320

6. Intangible assets *(continued)*

Reconciliation of intangible assets – Company – 2015

	Opening balance R'000	Additions through business combinations R'000	Internally generated R'000	Amortisation R'000	Impairment loss R'000	Total R'000
Trademarks	11 575	864	–	–	(92)	12 347
Curriculum material	10 394	–	11 069	(136)	–	21 327
Learner enrolments	19 838	582	–	(2 182)	(582)	17 656
	41 807	1 446	11 069	(2 318)	(674)	51 330

Reconciliation of intangible assets – Company – 2014

	Opening balance R'000	Additions R'000	Internally generated R'000	Amortisation R'000	Total R'000
Trademarks	3 516	8 059	–	–	11 575
Curriculum material	3 595	–	6 799	–	10 394
Learner enrolments	22 003	–	–	(2 165)	19 838
	29 114	8 059	6 799	(2 165)	41 807

Other information

The useful life of trademarks are considered indefinite. It is not bound by any expiry period as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the group and company.

During 2015 a learner enrolment (client list) impairment was recognised for Curro Castle George (R0.1 million) and Curro Academy Pretoria (R0.6 million). The goodwill and intangible asset impairment were disclosed as aggregate in the statement of comprehensive income.

7. Interest in subsidiaries

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

Company

Name of company	% holding 2015	% holding 2014	Carrying amount R'000 2015	Carrying amount R'000 2014
Aurora College (Pty) Ltd	100	100	–	–
Campus and Property Management Company (Pty) Ltd	65	65	–	–
Curro Holdings Limited Share Incentive Trust	100	100	–	–
Dream Park Village (Pty) Ltd	100	100	3 148	3 148
Educatum Management Services (Pty) Ltd	100	100	–	–
Embury Institute for Teacher Education (Pty) Ltd	100	100	60 811	60 811
Meridian College Schools NPC	100	100	–	–
Meridian Operations Company (RF) NPC	65	65	–	–
Plot One Hundred Bush Hill (Pty) Ltd	100	100	21 338	21 338
Sheerprops 129 (Pty) Ltd	100	–	81 675	–
Stratland Developments (Pty) Ltd	100	100	1 965	1 965
Waterstone College (Pty) Ltd	100	100	130 000	130 000
Woodhill College (Pty) Ltd	100	100	–	–
Woodhill College Property Holdings (Pty) Ltd	100	100	140 000	140 000
			438 937	357 262

The carrying amounts of subsidiaries are shown net of impairment losses. All subsidiaries are incorporated in the Republic of South Africa. There are no impairment losses of investments in subsidiaries to date.

Campus and Property Management Company (Pty) Ltd is a material subsidiary with 35% non-controlling interest. The principal place of business is the Republic of South Africa. The percentage ownership interest and the percentage voting rights of the non-controlling interest are the same. The company reported a loss of R11.6 million for the year (2014: loss of R2.3 million).

Loans to (from) group companies are shown separately in note 9.

Subsidiaries with material non-controlling interests

The following information is provided for subsidiaries with non-controlling interests which are material to the reporting group and company. The summarised financial information is provided prior to intercompany eliminations.

Subsidiary	Country of incorporation	% Ownership interest held by non-controlling interest 2015	2014
Campus and Property Management Company (Pty) Ltd	South Africa	**35%**	35%
Meridian Operations Company (RF) NPC	South Africa	**35%**	35%

The country of incorporation and the principal place of business are the same.

The percentage ownership interest and the percentage voting rights of the non-controlling interests are the same.

Meridian Operations Company (RF) NPC is a subsidiary in terms of International Financial Reporting Standards, but not in its legal form.

Summarised statement of financial position

	Campus and Property Management Company (Pty) Ltd		Meridian Operations Company (RF) NPC		Total	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000	**2015 R'000**	2014 R'000
Assets						
Non-current assets	**588 116**	595 406	**–**	–	**588 116**	595 406
Current assets	**66 214**	24 123	**26 667**	15 489	**92 881**	39 612
Total assets	**654 330**	619 529	**26 667**	15 489	**680 997**	635 018
Liabilities						
Non-current liabilities	**649 958**	597 799	**–**	–	**649 958**	597 799
Current liabilities	**17 175**	20 692	**40 078**	22 062	**57 253**	42 754
Total liabilities	**667 133**	618 491	**40 078**	22 062	**707 211**	640 553
Total net assets (liabilities)	**(12 803)**	1 038	**(13 411)**	(6 573)	**(26 214)**	(5 535)
Carrying amount of non-controlling interest	**(4 481)**	363	**(4 694)**	(2 301)	**(9 175)**	(1 938)
Non-controlling interest in all other subsidiaries					**1 814**	900
Non-controlling interest per statement of financial position					**(7 361)**	(1 038)

7. Interest in subsidiaries *(continued)*

Summarised statement of comprehensive income

	Campus and Property Management Company (Pty) Ltd		Meridian Operations Company (RF) NPC		Total	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000	**2015 R'000**	2014 R'000
Revenue	**90 309**	70 508	**145 146**	113 154	**235 455**	183 662
Operating expenses	**(50 856)**	(36 894)	**(152 579)**	(123 299)	**(203 435)**	(160 193)
Earnings before interest and taxation	**39 453**	33 614	**(7 433)**	(10 145)	**32 020**	23 469
Net finance costs	**(55 213)**	(36 860)	**968**	408	**(54 245)**	(36 452)
Taxation	**4 160**	935	**–**	–	**4 160**	935
Loss for the year	**(11 600)**	(2 311)	**(6 465)**	(9 737)	**(18 065)**	(12 048)
Loss allocated to non-controlling interest	**(4 060)**	(809)	**(2 263)**	(3 408)	**(6 323)**	(4 217)
Total profit or loss allocated to non-controlling interest					**(6 323)**	(4 217)

Summarised statement of cash flows

	Campus and Property Management Company (Pty) Ltd		Meridian Operations Company (RF) NPC		Total	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000	**2015 R'000**	2014 R'000
Cash flows from operating activities	**44 712**	35 467	**11 519**	(8 690)	**56 231**	26 777
Cash flows from investing activities	**(22 938)**	(145 488)	**(613)**	5 538	**(23 551)**	(139 950)
Cash flows from financing activities	**(2 556)**	109 723	**–**	–	**(2 556)**	109 723
Net increase (decrease) in cash and cash equivalents	**19 218**	(298)	**10 906**	(3 152)	**30 124**	(3 450)
Dividend paid to non-controlling interest	**–**	–	**–**	–	**–**	–

8. Investments in associates

The following table lists all of the associates in the group:

Group **Name of company**	**% ownership interest 2015**	% ownership interest 2014	**Carrying amount R'000 2015**	Carrying amount R'000 2014
Grit Procurement Solutions (Pty) Ltd	**40**	40	**9 554**	8 624

Company **Name of company**	**% ownership interest 2015**	% ownership interest 2014	**Carrying amount R'000 2015**	Carrying amount R'000 2014
Grit Procurement Solutions (Pty) Ltd	**40**	40	**6 000**	6 000

Note: Professional Sourcing and Procurement Assist (Pty) Ltd changed its name to Grit Procurement Solutions (Pty) Ltd during the current year. Grit Procurement Solutions (Pty) Ltd is incorporated in the Republic of South Africa.

9. Loans to (from) group companies

Subsidiaries	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Campus and Property Management Company (Pty) Ltd The loan bears interest at three-month Jibar plus 10% per annum. The loan has a 15-year initial repayment term with 12 years remaining.	**–**	–	**50 134**	50 134
Campus and Property Management Company (Pty) Ltd The loan is interest free, unsecured and there are no fixed terms of repayment.	**–**	–	**9 087**	11 643
Curro Holdings Limited Share Incentive Trust The secured loans, which are loans to employees, bears interest at the SARS fringe benefit rate, currently 7.25% and are repayable within three years from grant date.	**–**	–	**11 675**	7 497
Dream Park Village (Pty) Ltd The loan is interest free, unsecured and there are no fixed terms of repayment.	**–**	–	**3 181**	3 181
Embury Institute for Teacher Education (Pty) Ltd The loan is interest free, unsecured and there are no fixed terms of repayment.	**–**	–	**(4 227)**	(6 668)
Plot One Hundred Bush Hill (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	**–**	–	**21 010**	18 869
Sheerprops 129 (Pty) Ltd The loan is interest free, unsecured and there are no fixed terms of repayment.	**–**	–	**6 898**	–
Stratland Developments (Pty) Ltd The loan is interest free, unsecured and there are no fixed terms of repayment.	**–**	–	**901**	901
Waterstone College (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	**–**	–	**53 503**	8 000
Woodhill College Property Holdings (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	**–**	–	**55 118**	42 072
	–	–	**207 280**	135 629
Associates				
Grit Procurement Solutions (Pty) Ltd The loan bears interest at prime plus 4% and was repaid on 31 December 2015.	**–**	6 007	**–**	6 007
Non-current assets	**–**	–	**59 576**	65 631
Current assets	**–**	6 007	**151 931**	82 673
Current liabilities	**–**	–	**(4 227)**	(6 668)
	–	6 007	**207 280**	141 636

10. Other financial assets

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
At fair value through profit or loss				
Interest rate swap	**1 866**	–	**1 866**	–
Interest rate swap on a notional amount of R75 million with termination date of 26 November 2018 at a fixed interest rate of 7.49% plus a margin of 2.75%.				
Interest rate swap	**1 150**	–	**1 150**	–
Interest rate swap on a notional amount of R62.5 million with termination date of 15 April 2019 at a fixed interest rate of 7.85% plus a margin of 2.60%.				
Interest rate swap	**16 836**	–	**16 836**	–
Interest rate swap on a notional amount of R375 million with termination date of 12 December 2019 at a fixed interest rate of 7.43% plus a margin of 2.35%.				
	19 852	–	**19 852**	–
Loans and receivables				
Loans to directors, managers and employees	**11 673**	7 414	**–**	–
The loans bear interest at the SARS fringe benefit rate, currently 7.25%, and are repayable within three years from issue. The loans are granted in terms of the Curro Holdings Limited Share Incentive Trust trust deed for the acquisition of qualifying vested shares.				
Total other financial assets	**31 525**	7 414	**19 852**	–
Non-current assets				
Fair value through profit and loss	**19 852**	–	**19 852**	–
Loans and receivables	**9 440**	7 414	**–**	–
	29 292	7 414	**19 852**	–
Current assets				
Loans and receivables	**2 233**	–	**–**	–
	31 525	7 414	**19 852**	–

11. Derivative financial instruments and hedging information

The following information relates to derivative financial instruments included in other financial assets and other financial liabilities:

Group

	2015		2014	
	Assets R'000	**Liabilities R'000**	Assets R'000	Liabilities R'000
Interest rate swaps – cash flow hedges	**19 852**	**–**	–	3 520
Non-current portion	**19 852**	**–**	–	3 520

Company

	2015		2014	
	Assets R'000	**Liabilities R'000**	Assets R'000	Liabilities R'000
Interest rate swaps – cash flow hedges	**19 852**	**–**	–	3 520
Non-current portion	**19 852**	**–**	–	3 520

Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

No ineffective portion of the cash flow hedges was recognised during the year (2014: R0.11 million).

Interest rate swaps – cash flow hedge

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2015 were R512.5 million (2014: R512.5 million).

At 31 December 2015, the fixed interest rates vary from 7.43% to 7.85% (2014: 7.43% to 7.85%), and the main floating rates are Jibar. Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 31 December 2015 will be continuously released to the statement of comprehensive income until the repayment of the borrowings.

12. Deferred tax

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Deferred tax liability				
Property, plant and equipment	**(259 923)**	(205 231)	**(168 872)**	(119 252)
Prepaid expenditure	**(2 079)**	(5 533)	**(1 280)**	(2 192)
Intangible assets	**(27 663)**	(25 846)	**(8 200)**	(8 796)
Total deferred tax liability	**(289 665)**	(236 610)	**(178 352)**	(130 240)
Deferred tax asset				
Income received in advance	**27 516**	26 862	**23 717**	21 473
Provision for doubtful debts	**–**	427	**–**	370
Tax losses available for set off against future taxable income	**73 585**	43 696	**56 899**	35 035
Total deferred tax asset	**101 101**	70 985	**80 616**	56 878
Deferred tax liability	**(289 665)**	(236 610)	**(178 352)**	(130 240)
Deferred tax asset	**101 101**	70 985	**80 616**	56 878
Total net deferred tax liability	**(188 564)**	(165 625)	**(97 736)**	(73 362)

12. Deferred tax *(continued)*

Reconciliation of net deferred tax liability	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
At the beginning of the year	**(165 624)**	(119 281)	**(73 362)**	(39 792)
Originating temporary difference on property, plant and equipment	**(54 692)**	(61 103)	**(49 620)**	(43 237)
Originating temporary difference on prepaid expenditure	**3 454**	(2 923)	**912**	(356)
Originating temporary difference on intangible assets	**(1 818)**	(3 824)	**596**	(645)
Originating temporary difference on income received in advance	**654**	15 954	**2 244**	10 565
Originating temporary difference on provision for doubtful debts	**(427)**	(167)	**(370)**	(224)
Increase in tax losses available for set off against future taxable income	**29 889**	5 719	**21 864**	327
	(188 564)	(165 624)	**(97 736)**	(73 362)

Recognition of deferred tax asset

Deferred tax asset is recognised for unused tax losses to the extent that probable future taxable profit will be available against which the unused tax losses can be utilised.

13. Inventories

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Merchandise	**8 392**	17 458	**1 365**	10 300

There were no inventory write-downs during the period under review.

14. Trade and other receivables

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Gross receivable	**19 809**	21 648	**58 969**	39 350
Provision for impairment	**–**	(4 144)	**–**	(3 564)
Trade receivables	**19 809**	17 504	**58 969**	35 786
Prepayments	**8 965**	3 320	**6 500**	1 529
Deposits	**4 775**	6 941	**255**	143
Value added taxation	**2 121**	8 888	**2 089**	2 576
Other receivables	**740**	1 363	**80**	79
	36 410	38 016	**67 893**	40 113

Interest is charged on overdue accounts at 15% per annum.

Credit periods may vary 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 and company.

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

Trade and other receivables 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 2015, R10.0 million (2014: R17.4 million) were 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 2015, R7.5 million (2014: R35.4 million) were past due but not impaired.

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

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
1 month past due	**4 585**	3 948	**3 273**	22 943
2 months past due	**2 662**	8 955	**1 991**	7 438
3 months past due	**2 790**	4 546	**2 252**	4 981
	10 037	17 449	**7 516**	35 362

Trade receivables impaired

During the current year there was a change in method in which all trade and other receivables which had indicators of impairment were written of to profit or loss with no provision at year-end, whereas in the prior year provision was made and written of subsequently.

Group

As of 31 December 2015, trade and other receivables of Rnil (2014: R4.1 million) were impaired and provided for.

Company

As of 31 December 2015, trade and other receivables of Rnil (2014: R3.6 million) were impaired and provided for.

Reconciliation of provision for impairment of trade and other receivables

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Opening balance	**4 144**	2 489	**3 564**	2 080
Provision for impairment	**12 004**	1 803	**9 241**	1 803
Amounts written off as uncollectable	**(16 148)**	–	**(12 805)**	–
Unused amounts reversed	**–**	(148)	**–**	(319)
	–	4 144	**–**	3 564

15. Cash and cash equivalents

Cash and cash equivalents consist of:

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Bank balances	**230 526**	195 305	**166 616**	157 406

Securities are disclosed in note 19.

The total value of facilities including derivatives, structured loans, vehicle and asset finance, credit card, funds transfer, overdraft and guarantees, available to the company from ABSA Bank Ltd, First National Bank Ltd and Standard Bank of South Africa Ltd are approximately R1.2 billion. The value of facilities available to the group includes a First National Bank Ltd sharing facility of R10 million between Plot One Hundred Bush Hill (Pty) Ltd, Campus and Property Management Company (Pty) Ltd and/or Curro Holdings Ltd.

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
The total amount of undrawn facilities available for future operating activities and commitments	**414 000**	249 000	**300 000**	135 000

16. Share capital

Authorised number of shares

	Group		Company	
	2015	2014	**2015**	2014
Ordinary shares with no par value ('000)	**600 000**	400 000	**600 000**	400 000

Reconciliation of number of shares issued

	Group		Company	
	2015	2014	**2015**	2014
Reported as at 1 January 2015 ('000)	**325 596**	294 794	**325 596**	294 794
Issue of shares ('000)	**31 271**	30 802	**31 271**	30 802
	356 867	325 596	**356 867**	325 596

10% of unissued ordinary shares at the beginning of the year or 32 559 649 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Issued

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Ordinary shares with no par value	**2 834 177**	2 092 124	**2 877 532**	2 092 124

17. Share-based payments

17.1 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 sets out key terms of the share-based payment arrangement which came into place in the prior and 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 exercise price is determined by the 30-day volume weighted average share price preceding the option issue date. 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.

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.

The exercise price of options awarded are adjusted with a factor taking into consideration the effect of rights offers. This adjustment does not result in a incremental increase in fair value of the share options awarded.

17.2 Movements in share options during the year

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

	2015		2014	
	Number of options	**Weighted average exercise price (Rand)**	Number of options	Weighted average exercise price (Rand)
Outstanding at the beginning of the year	**6 526 293**	**18.61**	5 806 114	11.88
Awarded during the year	**1 722 200**	**35.42**	2 121 100	25.58
Exercised during the year	**(1 671 570)**	**9.48**	(1 267 659)	6.69
Forfeited during the year	**(25 353)**	**18.06**	(133 262)	6.35
Outstanding at the end of the year	**6 551 570**	**22.66**	6 526 293	18.61

The number of shares available to award at year-end in terms of the Curro Holdings Limited Share Incentive Trust trust deed is 5 527 455 (2014: 7 224 302) shares. There have been no changes to the approved maximum aggregate number of shares available for awards during the year.

17. Share-based payments *(continued)*

17.2 Movements in share options during the year (continued)

Details of share options granted to and exercised by directors:

Director	Opening balance of share options awarded at 1 January 2015	Number of share options awarded during the year	Number of share options exercised during the year	Strike price per share options awarded (Rand)	Exercise price per share option (Rand)	Share options award date	Closing balance of share options as at 31 December 2015
CR van der Merwe	421 583	–	(210 792)	5.93	4.59	2011/09/29	210 791
	140 667	–	(46 889)	17.10	15.32	2012/09/29	93 778
	401 575	–	(100 394)	19.61	18.71	2013/09/29	301 181
	134 200	–	–	25.58	24.98	2014/09/29	134 200
	–	197 200	–	35.42	35.42	2015/09/29	197 200
	1 098 025	197 200	(358 075)				937 150
AJF Greyling	360 457	–	(180 229)	5.93	4.59	2011/09/29	180 228
	106 892	–	(35 631)	17.10	15.32	2012/09/29	71 261
	237 198	–	(59 300)	19.61	18.71	2013/09/29	177 898
	93 900	–	–	25.58	24.98	2014/09/29	93 900
	–	120 600	–	35.42	35.42	2015/09/29	120 600
	798 447	120 600	(275 160)				643 887
B van der Linde	204 691	–	(102 346)	5.93	4.59	2011/09/29	102 345
	71 419	–	(23 807)	17.10	15.32	2012/09/29	47 612
	171 925	–	(42 981)	19.61	18.71	2013/09/29	128 944
	78 700	–	–	25.58	24.98	2014/09/29	78 700
	–	84 700	–	35.42	35.42	2015/09/29	84 700
	526 735	84 700	(169 134)				442 301
HG Louw	245 868	–	(122 934)	5.93	4.59	2011/09/29	122 934
	74 659	–	(24 887)	17.10	15.32	2012/09/29	49 772
	182 912	–	(45 728)	19.61	18.71	2013/09/29	137 184
	63 500	–	–	25.58	24.98	2014/09/29	63 500
	–	87 300	–	35.42	35.42	2015/09/29	87 300
	566 939	87 300	(193 549)				460 690
	2 990 146	489 800	(995 918)				2 484 028

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

Vesting year	Number of options	Weighted average strike price (Rand)
29 September 2016	2 211 177	13.17
29 September 2017	1 593 931	24.82
29 September 2018	1 368 262	26.39
29 September 2019	959 525	29.66
29 September 2020	418 675	35.42
	6 551 570	22.66

17.3 Share option expense for the year

Total expenses of R11.5 million (2014: R8.1 million) related to equity-settled share-based payments transactions were recognised during the year.

17.4 Assumptions used in fair value

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

	2015	2014
Strike price (Rand)	**35.42**	25.58
Current share price (Rand)	**35.42**	25.58
Fair value (Rand)	**10.25**	8.19
Volatility (%)	**25.34**	29.40
Risk free rate (%)	**6.78**	7.30
Dividend yield (%)	**–**	–

The Black-Scholes model is used to calculate the estimated theoretical value of options awarded.

The volatility is derived from the movement in the volume weighted average share price for a period of 365 calendar days prior to the share options award date.

18. Hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

The movement in the hedging reserve is illustrated below:

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Balance at the beginning of the year	**(3 240)**	(489)	**(3 240)**	(489)
Recognition of fair value of hedge instrument	**24 706**	(2 861)	**24 706**	(2 861)
Ineffective portion of cash flow hedges	**–**	110	**–**	110
Balance at the end of the year	**21 466**	(3 240)	**21 466**	(3 240)

19. Other financial liabilities

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
At fair value through profit or loss				
Interest rate swap Interest rate swap on a notional amount of R75 million with termination date of 26 November 2018 at a fixed interest rate of 7.49% plus a margin of 2.75%.	**–**	854	**–**	854
Interest rate swap Interest rate swap on a notional amount of R62.5 million with termination date of 15 April 2019 at a fixed interest rate of 7.85% plus a margin of 2.60%.	**–**	1 598	**–**	1 598
Interest rate swap Interest rate swap on a notional amount of R375 million with termination date of 12 December 2019 at a fixed interest rate of 7.43% plus a margin of 2.35%.	**–**	1 068	**–**	1 068
	–	3 520	**–**	3 520
Held at amortised cost				
ABSA Bank Ltd – Instalment sale agreements The secured loans bear interest at various prime linked rates, payable in monthly instalments ranging from R1 109 to R116 552. Secured by fixed assets as disclosed in note 4.	**36 727**	31 336	**36 727**	31 318
Development Bank of South Africa The secured loan bears interest at 12.11% per annum, payable in six monthly instalments. Repayable during the period August 2015 to August 2029.	**150 000**	150 000	**150 000**	150 000
Development Bank of South Africa Consist of two secured loans bearing interest at 9.57% and 12.03% per annum, payable in one monthly and six monthly instalments respectively. Repayable on March 2027 and October 2029.	**8 446**	–	**8 446**	–

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Development bonds Development bonds are refunded when the learner leaves the school, or after three years have elapsed since its payment, whichever is the later date. The development bonds bear no interest.	**10 618**	18 181	**–**	–
Debentures – fixed fee The unsecured 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.	**200**	200	**200**	200
Debentures – interest set-off The debentures bear interest at prime plus 2.5% per annum, with the option to either capitalise the interest or have it set off against school fees. The initial amount plus any capitalised interest is repayable after five years from issue or at a date as agreed thereafter.	**–**	420	**–**	420
Debentures – prepaid block The secured debentures are interest free and are repaid through set-off against annual school fees over the period.	**5 008**	7 830	**1 289**	2 106
Old Mutual Assurance Group South Africa (Pty) Ltd The loan bears interest at various rates from 4% to 10% linked to three-month Jibar rate. The loan has a 15-year term. Repayable during the period 2018 to 2027. Refer restrictive funding arrangement disclosure below.	**122 286**	110 432	**–**	–
Rabie Property Group (Pty) Ltd The secured loan was interest free, repaid during February 2015.	**–**	3 000	**–**	3 000
Senior Secured Floating Rate Notes (Stock Code COH001) The notes bear interest at three-month Jibar plus 2.75%. The date of maturity is 26 November 2018.	**151 329**	151 382	**151 329**	151 382
Senior Secured Floating Rates Notes (Stock Code COH002) The notes bear interest at three-month Jibar plus 2.60%. The date of maturity is 15 April 2019.	**127 349**	127 320	**127 349**	127 320
Schools and Education Investment Impact Fund of South Africa (SEIIFSA) The loan bears interest at various rates from 4% to 10% linked to three-month Jibar rate. The loan has a 15-year term. Repayable during the period 2018 to 2027. Refer restrictive funding arrangement disclosure below.	**457 485**	412 893	**–**	–
Standard Bank of South Africa Ltd (First Bullet Facility) The secured loan bears interest at three-month Jibar plus 2.35%, payable in December 2019.	**450 000**	375 000	**450 000**	375 000

19. Other financial liabilities *(continued)*

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Standard Bank of South Africa Ltd (Second Bullet Facility) The secured loan bears interest at three-month Jibar plus 2.15%, payable in December 2020.	**50 148**	–	**50 148**	–
Standard Bank of South Africa Ltd – Instalment sale agreements The secured loans bear interest at various prime linked rates, payable in monthly instalments ranging from R2 063 to R194 473. Secured by fixed assets as disclosed in note 4.	**29 164**	39 988	**29 164**	39 988
Nedbank Ltd – Instalment sale agreements The secured loans bear interest at 10.25%, payable in monthly instalments of R11 050. Secured by fixed assets as disclosed in note 4.	**283**	–	**283**	–
Other loans The loans bear no interest and is not repayable within the next 12 months.	**298**	298	**298**	298
Transaction costs incurred Refer to the transaction costs incurred table below for the specific allocation.	**(9 908)**	(10 097)	**(8 540)**	(8 615)
	1 589 433	1 418 183	**996 693**	872 417
	1 589 433	1 421 703	**996 693**	875 937
Non-current liabilities				
Fair value through profit or loss	**–**	3 520	**–**	3 520
At amortised cost	**1 561 250**	1 391 884	**968 510**	846 118
	1 561 250	1 395 404	**968 510**	849 638
Current liabilities				
At amortised cost	**28 183**	26 299	**28 183**	26 299
	1 589 433	1 421 703	**996 693**	875 937
Transaction cost incurred				
ABSA Bank Ltd	**807**	966	**807**	966
Debentures	**2 961**	2 119	**2 961**	2 119
Old Mutual Alternative Investments (Pty) Ltd	**1 368**	1 482	**–**	–
Senior Secured Floating Rate Notes	**3 652**	4 097	**3 652**	4 097
Standard Bank of South Africa Ltd	**1 120**	1 433	**1 120**	1 433
	9 908	10 097	**8 540**	8 615

Restrictive funding arrangements

The funding provided by the Schools and Education Investment Impact Fund of South Africa (SEIIFSA) and the Old Mutual Assurance Group South Africa (Pty) Ltd is subject to restrictive funding arrangements. The restrictive funding arrangements apply to the operations of Meridian Operations Company (RF) NPC and Campus and Property Management Company (Pty) Ltd, collectively referred to as the Meridian schools. Please refer to the terms and carrying values of funding disclosed above.

Securities

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

- Majority of land and buildings are pledged as security. The full list of properties pledged as security is available for inspection at the registered offices of the company.
- The Schools and Education and Investment Impact Fund of South Africa and Old Mutual Assurance Group South Africa (Pty) Ltd:
  - As part of the fulfilment of the advance conditions of the facilities agreement Campus and Property Management Company (Pty) Ltd has ceded and pledged to the Meridian Security SPV (Pty) Ltd and as security for the company's obligations under the company indemnity, the company's right, title and interest in and to:
    - all amounts of any nature now or from time to time owing to the company by any person whatsoever including, but without limitation, any amounts owing to the company by any bank with whom the company maintains any bank account (including, without limitation, the advances account and the collections account), and any parent in terms of any learner admission contract, and Meridian Operations Company NPC (RF) under the working capital facility agreement, and by any approved insurer with whom the company maintains any required insurance;
    - each transaction document to which it is a party;
    - the working capital facility agreement and the working capital security; and
    - any property lease agreement held by it in respect of any school property or any boarding house property provided that such property lease agreement is capable of being ceded, and if the consent of the landlord under a property lease agreement is required for its cession, the company shall use commercially reasonable endeavours to obtain that consent.

As part of the fulfilment of the advance conditions the company registered a general notarial bond over all its movable assets (including, but without limitation, the required equipment in respect of each school) and each boarding house.

If the company acquires ownership of any school property, or any boarding house property the company shall, against registration of transfer of ownership of that property into its name in the office of the applicable registry, register a first mortgage bond over that property in favour of the Meridian Security SPV (Pty) Ltd as security for the company's obligations arising under the company indemnity.

20. Finance lease liabilities

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Minimum lease payments due				
– within one year	**29 593**	28 427	**29 593**	28 427
– in second to fifth year inclusive	**44 800**	53 754	**44 800**	53 754
– later than five years	**–**	264	**–**	246
	74 393	82 445	**74 393**	82 427
less: future finance charges	**(8 219)**	(11 121)	**(8 219)**	(11 121)
Present value of minimum lease payments	**66 174**	71 324	**66 174**	71 306
Present value of minimum lease payments due				
– within one year	**25 197**	23 219	**25 197**	23 219
– in second to fifth year inclusive	**40 977**	47 845	**40 977**	47 845
– later than five years	**–**	260	**–**	242
	66 174	71 324	**66 174**	71 306

The group and company's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 4.

21. Trade and other payables

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Income received in advance	**115 114**	117 195	**84 703**	76 905
Trade payables	**37 786**	69 578	**37 094**	60 181
Accrued expense	**54 009**	45 241	**42 130**	39 277
Other payables	**5 977**	36 206	**20 248**	35 995
Entrance deposits	**4 860**	4 990	**3 282**	3 411
Value added taxation	**2 237**	368	**277**	221
Onerous contract	**672**	–	**672**	–
	220 655	273 578	**188 406**	215 990

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

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

22. Revenue

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Rendering of services	**1 383 739**	1 000 701	**1 049 851**	760 938
The amount included in revenue consists of the following:				
Registration and tuition fees	**1 271 739**	924 588	**994 239**	739 861
Other income	**100 018**	56 782	**90 402**	49 571
Hostel fees	**56 290**	47 845	**7 128**	3 462
Aftercare fees	**38 970**	29 720	**33 640**	27 442
Subsidy income	**2 987**	3 014	**–**	–
Discounts granted	**(86 265)**	(61 248)	**(75 558)**	(59 398)
	1 383 739	1 000 701	**1 049 851**	760 938

23. Earnings before interest and taxation

Earnings before interest and taxation for the year is stated after accounting for the following:

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Operating lease charges				
Premises – contractual amounts	**8 976**	5 490	**20 465**	15 317
Equipment – contractual amounts	**12 030**	9 877	**10 768**	9 508
	21 006	15 367	**31 233**	24 825
(Loss) profit on sale of property, plant and equipment	**(30)**	(31)	**211**	(70)
Loss on capital contribution – share incentive scheme	**–**	–	**(43 355)**	–
Gain on bargain purchase	**(4 242)**	–	**(4 242)**	–
Amortisation on intangible assets	**5 221**	5 549	**2 318**	2 165
Depreciation on property, plant and equipment	**80 287**	52 764	**64 943**	42 636
Employee costs	**738 269**	550 076	**577 697**	434 770
Hedging gains or losses				
Ineffective portion of cash flow hedges	**–**	110	**–**	110

24. Investment revenue

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Interest revenue				
Bank	**26 444**	10 657	**22 554**	7 070
Interest charged on trade and other receivables	**981**	1 249	**645**	1 249
Related parties	**–**	–	**9 698**	4 659
	27 425	11 906	**32 897**	12 978

25. Finance costs

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Borrowings	**151 925**	96 633	**93 284**	54 535
Bank	**479**	35	**479**	25
South African Revenue Services	**99**	–	**–**	–
Less: Interest capitalised	**(34 667)**	(29 842)	**(32 558)**	(25 755)
	117 836	66 826	**61 205**	28 805

The capitalisation rate used for the group and company during the period was 10.06% and 10.06% respectively (2014: 10.8% for the group and 10.2% for the company) on general borrowings for capital projects.

Group

Total interest expense, calculated using the effective interest rate, on financial instruments not through profit or loss amounted to R34.667 million (2014: R29.842 million).

Company

Total interest expense, calculated using the effective interest rate, on financial instruments not through profit or loss amounted to R32.558 million (2014: R25.755 million).

Finance costs included in the statements of cash flows represents net finance costs incurred for the year and excludes interest capitalised to property, plant and equipment.

26. Taxation

Major components of the tax expense

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Current				
Local income tax – current period	**4 365**	6 488	**–**	–
Local income tax – recognised in current tax for prior periods	**–**	10	**–**	–
	4 365	6 498	**–**	–
Deferred				
Originating and reversing temporary differences	**21 791**	21 190	**22 928**	23 516
Arising from prior period adjustments	**(2 884)**	–	**(2 884)**	–
	18 907	21 190	**20 044**	23 516
	23 272	27 688	**20 044**	23 516

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	Group		Company	
	2015	2014	**2015**	2014
Applicable tax rate	**28.0%**	28.0%	**28.0%**	28.0%
Non-taxable income – gain on bargain purchase	**(1.0)%**	–	**(1.9)%**	–
Non-taxable income – (profit) loss on sale of property, plant and equipment	**–**	(1.0)%	**(0.1)%**	–
Non-taxable income – share of profit of associate	**(0.2)%**	–	**–**	–
Non-deductible expenditure – share-based payment expenditure	**2.8%**	2.9%	**5.2%**	3.1%
Non-deductible expenditure – impairment of goodwill and intangibles assets	**1.5%**	–	**2.7%**	–
Non-deductible expenditure – amortisation of intangible assets	**0.6%**	0.9%	**1.0%**	0.2%
Current years losses in subsidiaries	**1.0%**	3.5%	**–**	–
Current tax – prior year correction	**–**	1.0%	**–**	–
Capital contribution – share incentive scheme	**(10.5)%**	–	**–**	–
Deferred tax – sale of business (Meridian Pretoria)	**(0.1)%**	–	**–**	–
Deferred tax – business combination acquisition	**1.0%**	–	**2.0%**	–
Deferred tax – prior year correction	**(2.5)%**	–	**(4.7)%**	–
Other	**(0.4)%**	–	**0.4%**	–
	20.2%	35.3%	**32.6%**	31.3%

Group

The estimated tax loss available for set-off against future taxable income is R262.7 million (2014: R156.1 million).

Company

No provision has been made for 2015 tax as the company has no taxable income. The estimated tax loss available for set-off against future taxable income is R203.2 million (2014: R125.1 million).

27. Auditors' remuneration

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Audit fees	**1 217**	1 000	**964**	769
Fees for non-audit services	**25**	110	**–**	110
	1 242	1 110	**964**	879

28. Operating lease

Total of future minimum lease payments for each of the following periods:

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Premises				
– within one year	**12 164**	4 311	**12 164**	4 070
– in second to fifth year inclusive	**56 037**	20 100	**56 037**	19 979
– later than five years	**114 136**	34 608	**114 136**	34 608
	182 337	59 019	**182 337**	58 657
Equipment				
– within one year	**7 454**	7 997	**6 748**	7 492
– in second to fifth year inclusive	**14 047**	17 719	**12 247**	16 535
	21 501	25 716	**18 995**	24 027

29. Other comprehensive income

Components of other comprehensive income

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Items that may be reclassified to profit or loss				
Effects of cash flow hedges:				
Gross	**24 706**	(2 751)	**24 706**	(2 751)
Tax	**–**	–	**–**	–
Net	**24 706**	(2 751)	**24 706**	(2 751)

30. Earnings per share

	Group	
	2015	2014
Basic earnings per share		
From continuing operations (cents)	**28.2**	17.0

Basic earnings per share was based on earnings of R98.344 million (2014: R54.976 million) and a weighted average number of ordinary shares of 348.3 million (2014: 322.5 million).

30. Earnings per share *(continued)*

	Group	
	2015	2014
	R'000	R'000
Reconciliation of profit for the year to basic earnings:		
Profit for the year attributable to equity holders of the parent	**98 344**	54 976

Diluted earnings per share

In the determination of diluted earnings per share, profit or loss attributable to the equity holders of the parent and the weighted average number of ordinary shares are adjusted for the effects of all dilutive potential ordinary shares.

	Group	
	2015	2014
Diluted earnings per share		
From continuing operations (cents)	**27.8**	16.8

Diluted earnings per share was based on earnings of R98.344 million (2014: R54.975 million) and a weighted average number of ordinary shares of 353.8 million (2014: 327.1 million).

	Group	
	2015	2014
	R'000	R'000
Reconciliation of basic earnings to earnings used to determine diluted earnings per share:		
Basic earnings	**98 344**	54 976
Headline earnings and diluted headline earnings per share		
Headline earnings per share (cents)	**28.7**	17.2
Diluted headline earnings per share (cents)	**28.3**	17.0
Reconciliation between earnings and headline earnings:		
Basic earnings attributable to owners of the parent	**98 344**	54 976
Adjusted for:		
Loss on disposal of property, plant and equipment	**30**	31
Loss on impairment	**6 062**	811
Gain on bargain purchase	**(4 242)**	–
Tax effect of reconciling items	**(8)**	(236)
	100 186	55 582
Reconciliation between diluted earnings and diluted headline earnings:		
Diluted earnings attributable to owners of the parent	**98 344**	54 976
Adjusted for:		
Loss on disposal of property, plant and equipment	**30**	31
Loss on impairment	**6 062**	811
Gain on bargain purchase	**(4 242)**	–
Tax effect of reconciling items	**(8)**	(236)
	100 186	55 582

Earnings per share and headline earnings per share for the comparative period have been adjusted downwards by 0.5 cents compared to the audited annual financial statements for the year ended 31 December 2014. This is due to the retrospective adjustment of the 2015 rights offer undertaken. The adjustment to basic and diluted weighted average number of shares in issue is an increase of 8.1 million shares due to the bonus element contained within the rights offer.

31. Cash generated from operations

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Profit before taxation	**115 293**	78 446	**62 014**	75 052
Adjustments for:				
Depreciation and amortisation	**85 508**	58 313	**67 261**	44 801
Net loss (profit) on disposal of property, plant and equipment	**30**	31	**(211)**	70
Income from equity-accounted investments	**(689)**	(1 149)	**–**	–
Interest received	**(27 425)**	(11 906)	**(32 897)**	(12 978)
Finance costs	**117 836**	66 827	**61 205**	28 805
Impairment	**6 062**	811	**6 062**	811
Non-cash flow interest on hedge recognised through equity	**1 334**	–	**1 334**	–
Realised profit from share of profits of associates	**(241)**	(342)	**–**	–
Share-based payment expense	**11 517**	8 111	**11 517**	8 111
Gain on bargain purchase	**(4 242)**	–	**(4 242)**	–
Changes in working capital:				
Decrease (increase) in inventories	**9 780**	(10 641)	**9 649**	(10 300)
Decrease (increase) in trade and other receivables	**2 239**	(3 046)	**(26 626)**	(14 957)
(Decrease) increase in trade and other payables	**(55 892)**	124 251	**(31 456)**	100 626
	261 110	309 706	**123 610**	220 041

32. Tax (paid) refunded

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Balance at the beginning of the year	**1 229**	419	**1 266**	777
Current tax for the year recognised in profit or loss	**(4 365)**	(6 498)	**–**	–
Adjustment in respect of businesses sold and acquired during the year	**–**	(769)	**–**	–
Balance at end of the year	**(5 903)**	(1 229)	**(1 263)**	(1 266)
	(9 039)	(8 077)	**3**	(489)

33. Business combinations

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Aggregated business combinations				
Property, plant and equipment	**16 394**	38 444	**21 600**	38 444
Intangible assets	**864**	8 059	**1 446**	8 059
Inventories	**714**	–	**714**	–
Trade and other receivables	**633**	3 796	**1 154**	3 796
Cash and cash equivalents	**1 809**	7 843	**2 422**	7 843
Other financial liabilities	**(9 172)**	(2 214)	**(9 172)**	(2 214)
Deferred tax	**(4 091)**	(10 056)	**(4 330)**	(10 056)
Trade and other payables	**(2 909)**	(12 298)	**(3 872)**	(12 298)
Equity	**–**	–	**(2 614)**	–
Total identifiable net assets	**4 242**	33 574	**7 348**	33 574
Goodwill	**–**	5 983	**11 166**	5 983
Gain on bargain purchase	**(4 242)**	–	**(4 242)**	–
	–	39 557	**14 272**	39 557
Consideration paid				
Cash	**–**	(39 557)	**–**	(39 557)
Liabilities assumed	**–**	–	**(14 272)**	–
	–	(39 557)	**(14 272)**	(39 557)
Net cash outflow on acquisition				
Cash consideration paid	**–**	(39 557)	**(14 272)**	(39 557)
Cash acquired	**1 809**	7 843	**2 422**	7 843
	1 809	(31 714)	**(11 850)**	(31 714)

St Dominic's Academy

Effective 1 January 2015, Curro acquired the business operations and properties of St Dominic's Academy (St Dominic's) for a purchase consideration equal to its business liabilities as at 1 January 2015. A bargain purchase gain of R4.2 million was recognised at acquisition due to the fair value of assets acquired of R16.4 million exceeding the fair value of liabilities assumed of R12.2 million. No contingent consideration has been recognised at acquisition. St Dominic's is principally involved in the private school industry in Newcastle, KwaZulu-Natal.

Business combinations included in company figures only:

Meridian Pretoria

Effective 31 December 2015, Curro Holdings Ltd acquired the Meridian Pretoria school from its subsidiaries Campus and Property Management Company (Pty) Ltd and Meridian Operations Company (RF) NPC. As such this acquisition is reflected in the company figures above, but is eliminated in the group figures as the subsidiaries are already included in the consolidated figures. The transaction has been treated as a transfer of assets under common control with an equity gain recognised at company level of R2.6 million.

34. Acquisition of subsidiaries (business combinations)

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Fair value of assets acquired				
Property, plant and equipment	–	100 087	–	–
Intangible assets	–	13 412	–	–
Deferred tax liabilities	–	(15 098)	–	–
Trade and other receivables	–	943	–	–
Trade and other payables	–	(12 145)	–	–
Tax liabilities	–	(769)	–	–
Borrowings	–	(24 994)	–	–
Cash	–	10 620	–	–
Total net assets acquired	–	72 056	–	–
Net assets acquired	–	72 056	–	–
Goodwill recognised	–	60 152	–	–
	–	132 208	–	–
Consideration paid				
Cash	–	(100 781)	–	(100 781)
Equity – 55 000 ordinary shares in Curro Holdings Limited	–	(1 427)	–	(1 427)
Liabilities assumed	–	(30 000)	–	(30 000)
	–	(132 208)	–	(132 208)
Net cash outflow on acquisition				
Cash consideration paid	–	(100 781)	–	(100 781)
Cash acquired	–	10 620	–	–
	–	(90 161)	–	(100 781)

Waterstone College (Pty) Ltd

Effective 2 June 2014, the group acquired 100% of the equity interest of Waterstone College (Pty) Ltd (Waterstone). Waterstone is principally involved in the private school industry in Johannesburg South, Gauteng Province.

Goodwill of R57.9 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 R32.8 million to group revenue and generated R3 million profit after taxation.

Other acquisitions

The second and final purchase consideration for Embury Institute for Teacher Education (Pty) Ltd was paid during 2014 resulting in additional goodwill of R2.2 million recognised.

Effective 1 September 2015, the group acquired 100% equity of a property holding company, Sheerprops 129 (Pty) Ltd, for a purchase consideration of R81.7 million. Due to the nature of the transaction and assets acquired this transaction was treated as a acquisition of property, plant and equipment and not as a business combination.

35. Commitments and contingencies

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Authorised capital expenditure				
Authorised and contracted	**738 030**	76 510	**424 090**	76 510
Authorised, but not yet contracted	**1 282 970**	687 860	**1 282 970**	448 750

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

Guarantees

Curro has provided a guarantee in favour of Rand Merchant Bank (RMB) of R10 million plus costs and interest for the completion of the entrance road of Curro Serengeti. The owner of the estate is responsible for this cost, but Curro had to provide a guarantee for the financing.

Guarantees were also provided in favour of City of Tshwane and Ethekwini Municipality of R0.7 million and R2.4 million respectively relating to construction of infrastructure at Curro Monaghan and Curro Hillcrest.

36. Related parties

Relationships

Ultimate holding company	PSG Group Ltd
Holding company	PSG Financial Services Ltd

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Related party balances				
Loan accounts owing by (owing to) by related parties				
Campus and Property Management Company (Pty) Ltd	**–**	–	**59 221**	61 777
Curro Holdings Limited Share Incentive Trust	**–**	–	**11 675**	7 497
Dream Park Village (Pty) Ltd	**–**	–	**3 181**	3 181
Embury Institute for Teacher Education (Pty) Ltd	**–**	–	**(4 227)**	(6 668)
Grit Procurement Solutions (Pty) Ltd	**–**	6 007	**–**	6 007
Plot One Hundred Bush Hill (Pty) Ltd	**–**	–	**21 010**	18 869
Sheerprops 129 (Pty) Ltd	**–**	–	**6 898**	–
Stratland Developments (Pty) Ltd	**–**	–	**901**	901
Waterstone College (Pty) Ltd	**–**	–	**53 503**	8 000
Woodhill College Property Holdings (Pty) Ltd	**–**	–	**55 118**	42 072
Amounts included in trade receivables regarding related parties				
Campus and Property Management Company (Pty) Ltd	**–**	–	**2 487**	1 803
Grit Procurement Solutions (Pty) Ltd	**1 170**	1 829	**1 170**	1 829
Meridian Operations Company (RF) NPC	**–**	–	**550**	765
Plot One Hundred Bush Hill (Pty) Ltd	**–**	–	**1 776**	1 776
Woodhill College Property Holdings (Pty) Ltd	**–**	–	**4 636**	19 188

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Amounts included in trade payables regarding related parties				
Campus and Property Management Company (Pty) Ltd	**–**	–	**(14 272)**	(20)
Grit Procurement Solutions (Pty) Ltd	**(14 302)**	(20 399)	**(11 657)**	(18 830)
Meridian Operations Company (RF) NPC	**–**	–	**(69)**	(17)
Plot One Hundred Bush Hill (Pty) Ltd	**–**	–	**(3 552)**	(3 552)
PSG Corporate Services (Pty) Ltd	**(29)**	(215)	**(29)**	(215)
Woodhill College Property Holdings (Pty) Ltd	**–**	–	**–**	(234)
Related-party transactions				
Interest received from related parties				
Campus and Property Management Company (Pty) Ltd	**–**	–	**–**	(473)
Curro Holdings Limited Share Incentive Trust	**–**	–	**(508)**	(219)
Grit Procurement Solutions (Pty) Ltd	**(295)**	(460)	**(295)**	(460)
Plot One Hundred Bush Hill (Pty) Ltd	**–**	–	**(1 790)**	–
Waterstone College (Pty) Ltd	**–**	–	**(2 480)**	–
Woodhill College Property Holdings (Pty) Ltd	**–**	–	**(4 625)**	(3 507)
Purchases from related parties				
Grit Procurement Solutions (Pty) Ltd	**67 308**	66 760	**60 030**	56 419
Administration fees paid to related parties				
PSG Corporate Services (Pty) Ltd	**1 323**	719	**1 323**	719
Share issue costs paid to related parties				
PSG Corporate Services (Pty) Ltd	**13 425**	6 993	**13 425**	6 993
Management fees received from related parties				
Campus and Property Management Company (Pty) Ltd	**–**	–	**(7 719)**	(6 747)
Meridian Operations Company (RF) NPC	**–**	–	**(2 200)**	(1 747)
Rent paid to (received from) related parties				
Grit Procurement Solutions (Pty) Ltd	**(805)**	(1 604)	**(805)**	(1 604)
Plot One Hundred Bush Hill (Pty) Ltd	**–**	–	**1 667**	1 246
Woodhill College Property Holdings (Pty) Ltd	**–**	–	**12 249**	11 710
Discounts granted to related parties				
Employee discounts	**30 141**	17 240	**25 238**	16 751
Compensation to directors and other key management				
Short-term employee benefits	**15 754**	10 371	**15 754**	10 371

37. Directors' and prescribed officers' emoluments

Executive

2015	Emoluments R'000	Pension paid R'000	Bonuses R'000	Gains on exercise of options R'000	Total R'000
AJF Greyling	**1 882**	**66**	**1 540**	**7 264**	**10 752**
HG Louw	**1 566**	**95**	**1 066**	**5 054**	**7 781**
B van der Linde	**1 588**	**72**	**1 077**	**4 352**	**7 089**
CR van der Merwe	**2 479**	**47**	**1 908**	**9 119**	**13 553**
	7 515	**280**	**5 591**	**25 789**	**39 175**

2014	Emoluments R'000	Pension paid R'000	Bonuses R'000	Gains on exercise of options R'000	Total R'000
AJF Greyling	1 545	55	946	4 116	6 662
HG Louw	1 321	79	878	2 813	5 091
B van der Linde	1 337	63	868	2 372	4 640
CR van der Merwe	1 953	47	1 279	4 865	8 144
	6 156	244	3 971	14 166	24 537

Note: PJ Mouton is a non-executive director of Curro Holdings Ltd (Curro), a subsidiary of PSG Financial Services Ltd. PJ Mouton has a standard service contract with PSG Corporate Services (Pty) Ltd and his remuneration for services rendered as executive director within the PSG Group for 2015 are emoluments of R3.5 million and bonus and performance-related payments of R4.9 million, which is paid by PSG Corporate Services (Pty) Ltd. During 2015 PJ Mouton's gain on vesting of share options amounted to R16.6 million.

Non-executive

2015	Director's fee 2015 R'000	Director's fee 2014 R'000
SL Botha	**395**	360
ZL Combi	**214**	200
PJ Mouton	**214**	200
SWF Muthwa	**193**	180
B Petersen	**214**	200
	1 230	1 140

Prescribed officers

2015	Emoluments R'000	Pension paid R'000	Bonuses R'000	Total R'000
S Totaram	**1 166**	**44**	**46**	**1 256**
R van Rensburg	**975**	**36**	**101**	**1 112**
	2 141	**80**	**147**	**2 368**

2014	Emoluments R'000	Pension paid R'000	Bonuses R'000	Total R'000
S Totaram	274	10	46	330
R van Rensburg	782	27	67	876
	1 056	37	113	1 206

Note: S Totaram's employment and remuneration commenced 1 October 2014.

38. Categories of financial instruments

	Note(s)	Financial assets at fair value through profit or loss R'000	Financial assets at amortised cost R'000	Financial liabilities at fair value through profit or loss R'000	Financial liabilities at amortised cost R'000	Equity and non-financial assets and liabilities R'000	Total R'000
Categories of financial instruments Group – 2015							
Assets							
Non-current assets							
Property, plant and equipment	4	**–**	**–**	**–**	**–**	**4 290 725**	**4 290 725**
Goodwill	5	**–**	**–**	**–**	**–**	**332 495**	**332 495**
Intangible assets	6	**–**	**–**	**–**	**–**	**133 953**	**133 953**
Investments in associates	8	**–**	**–**	**–**	**–**	**9 554**	**9 554**
Other financial assets	10	**19 852**	**9 440**	**–**	**–**	**–**	**29 292**
		19 852	**9 440**	**–**	**–**	**4 766 727**	**4 796 019**

38. Categories of financial instruments *(continued)*

	Note(s)	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Equity and non-financial assets and liabilities	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Current assets							
Inventories	13	–	–	–	–	8 392	8 392
Other financial assets	10	–	2 233	–	–	–	2 233
Current tax receivable		–	–	–	–	5 953	5 953
Trade and other receivables	14	–	25 324	–	–	11 086	36 410
Cash and cash equivalents	15	–	230 526	–	–	–	230 526
		–	258 083	–	–	25 431	283 514
Total assets		19 852	267 523	–	–	4 792 158	5 079 533
Equity and liabilities							
Equity							
Equity attributable to equity holders of parent:							
Share capital	16	–	–	–	–	2 834 177	2 834 177
Reserves	16	–	–	–	–	38 969	38 969
Retained income	16	–	–	–	–	215 046	215 046
		–	–	–	–	3 088 192	3 088 192
Non-controlling interest		–	–	–	–	(7 361)	(7 361)
Total equity		–	–	–	–	3 080 831	3 080 831
Liabilities							
Non-current liabilities							
Other financial liabilities	19	–	–	–	1 561 250	–	1 561 250
Deferred tax	12	–	–	–	–	188 564	188 564
		–	–	–	1 561 250	188 564	1 749 814
Current liabilities							
Other financial liabilities	19	–	–	–	28 183	–	28 183
Current tax payable		–	–	–	–	50	50
Trade and other payables	21	–	–	–	218 418	2 237	220 655
		–	–	–	246 601	2 287	248 888
Total liabilities		–	–	–	1 807 851	190 851	1 998 702
Total equity and liabilities		–	–	–	1 807 851	3 271 682	5 079 533

	Note(s)	Financial assets at fair value through profit or loss R'000	Financial assets at amortised cost R'000	Financial liabilities at fair value through profit or loss R'000	Financial liabilities at amortised cost R'000	Equity and non-financial assets and liabilities R'000	Total R'000
Categories of financial instruments							
Group – 2014							
Assets							
Non-current assets							
Property, plant and equipment	4	–	–	–	–	3 338 185	3 338 185
Goodwill	5	–	–	–	–	337 883	337 883
Intangible assets	6	–	–	–	–	121 320	121 320
Investments in associates	8	–	–	–	–	8 624	8 624
Other financial assets	10	–	7 414	–	–	–	7 414
		–	7 414	–	–	3 806 012	3 813 426
Current assets							
Inventories	13	–	–	–	–	17 458	17 458
Loans to group companies	9	–	6 007	–	–	–	6 007
Current tax receivable		–	–	–	–	2 805	2 805
Trade and other receivables	14	–	25 808	–	–	12 208	38 016
Cash and cash equivalents	15	–	195 305	–	–	–	195 305
		–	227 120	–	–	32 471	259 591
Total assets		–	234 534	–	–	3 838 483	4 073 017
Equity and liabilities							
Equity							
Equity attributable to equity holders of parent:							
Share capital	16	–	–	–	–	2 092 124	2 092 124
Reserves	16	–	–	–	–	8 735	8 735
Retained income	16	–	–	–	–	110 713	110 713
		–	–	–	–	2 211 572	2 211 572
Non-controlling interest		–	–	–	–	(1 038)	(1 038)
Total equity		**–**	**–**	**–**	**–**	**2 210 534**	**2 210 534**

38. Categories of financial instruments *(continued)*

	Note(s)	Financial assets at fair value through profit or loss R'000	Financial assets at amortised cost R'000	Financial liabilities at fair value through profit or loss R'000	Financial liabilities at amortised cost R'000	Equity and non-financial assets and liabilities R'000	Total R'000
Liabilities							
Non-current liabilities							
Other financial liabilities	19	–	–	3 520	1 391 884	–	1 395 404
Deferred tax	12	–	–	–	–	165 626	165 626
		–	–	3 520	1 391 884	165 626	1 561 030
Current liabilities							
Other financial liabilities	19	–	–	–	26 299	–	26 299
Current tax payable		–	–	–	–	1 576	1 576
Trade and other payables	21	–	–	–	273 210	368	273 578
		–	–	–	299 509	1 944	301 453
Total liabilities		–	–	3 520	1 691 393	167 570	1 862 483
Total equity and liabilities		–	–	3 520	1 691 393	2 378 104	4 073 017

	Note(s)	**Financial assets at fair value through profit or loss R'000**	**Financial assets at amortised cost R'000**	**Financial liabilities at fair value through profit or loss R'000**	**Financial liabilities at amortised cost R'000**	**Equity and non-financial assets and liabilities R'000**	**Total R'000**
Categories of financial instruments Company – 2015							
Assets							
Non-current assets							
Property, plant and equipment	4	**–**	**–**	**–**	**–**	**3 296 184**	**3 296 184**
Goodwill	5	**–**	**–**	**–**	**–**	**57 872**	**57 872**
Intangible assets	6	**–**	**–**	**–**	**–**	**51 330**	**51 330**
Investments in subsidiaries	7	**–**	**–**	**–**	**–**	**438 937**	**438 937**
Investments in associates	8	**–**	**–**	**–**	**–**	**6 000**	**6 000**
Loans to group companies	9	**–**	**59 576**	**–**	**–**	**–**	**59 576**
Other financial assets	10	**19 852**	**–**	**–**	**–**	**–**	**19 852**
		19 852	**59 576**	**–**	**–**	**3 850 323**	**3 929 751**

	Note(s)	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Equity and non-financial assets and liabilities	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Current assets							
Inventories	13	–	–	–	–	1 365	1 365
Loans to group companies	9	–	151 931	–	–	–	151 931
Current tax receivable		–	–	–	–	1 263	1 263
Trade and other receivables	14	–	59 304	–	–	8 589	67 893
Cash and cash equivalents	15	–	166 616	–	–	–	166 616
		–	377 851	–	–	11 217	389 068
Total assets		19 852	437 427	–	–	3 861 540	4 318 819
Equity and liabilities							
Equity							
Equity attributable to equity holders of parent:							
Share capital	16	–	–	–	–	2 877 532	2 877 532
Reserves	16	–	–	–	–	38 969	38 969
Retained income	16	–	–	–	–	115 256	115 256
Total equity		–	–	–	–	3 031 757	3 031 757
Liabilities							
Non-current liabilities							
Other financial liabilities	19	–	–	–	968 510	–	968 510
Deferred tax	12	–	–	–	–	97 736	97 736
		–	–	–	968 510	97 736	1 066 246
Current liabilities							
Loans from group companies	9	–	–	–	4 227	–	4 227
Other financial liabilities	19	–	–	–	28 183	–	28 183
Trade and other payables	21	–	–	–	188 129	277	188 406
		–	–	–	220 539	277	220 816
Total liabilities		–	–	–	1 189 049	98 013	1 287 062
Total equity and liabilities		–	–	–	1 189 049	3 129 770	4 318 819

38. Categories of financial instruments *(continued)*

	Note(s)	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Equity and non-financial assets and liabilities	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Categories of financial instruments							
Company – 2014							
Assets							
Non-current assets							
Property, plant and equipment	4	–	–	–	–	2 522 947	2 522 947
Goodwill	5	–	–	–	–	52 094	52 094
Intangible assets	6	–	–	–	–	41 807	41 807
Investments in subsidiaries	7	–	–	–	–	357 262	357 262
Investments in associates	8	–	–	–	–	6 000	6 000
Loans to group companies	9	–	65 631	–	–	–	65 631
		–	65 631	–	–	2 980 110	3 045 741
Current assets							
Inventories	13	–	–	–	–	10 300	10 300
Loans to group companies	9	–	82 673	–	–	–	82 673
Current tax receivable		–	–	–	–	1 266	1 266
Trade and other receivables	14	–	36 008	–	–	4 105	40 113
Cash and cash equivalents	15	–	157 406	–	–	–	157 406
		–	276 087	–	–	15 671	291 758
Total assets		–	341 718	–	–	2 995 781	3 337 499
Equity and liabilities							
Equity							
Equity attributable to equity holders of parent:							
Share capital	16	–	–	–	–	2 092 124	2 092 124
Reserves	16	–	–	–	–	8 735	8 735
Retained income	16	–	–	–	–	64 683	64 683
Total equity		–	–	–	–	2 165 542	2 165 542
Liabilities							
Non-current liabilities							
Other financial liabilities	19	–	–	3 520	846 118	–	849 638
Deferred tax	12	–	–	–	–	73 362	73 362
		–	–	3 520	846 118	73 362	923 000
Current liabilities							
Loans from group companies	9	–	–	–	6 668	–	6 668
Other financial liabilities	19	–	–	–	26 299	–	26 299
Trade and other payables	21	–	–	–	215 769	221	215 990
		–	–	–	248 736	221	248 957
Total liabilities		–	–	3 520	1 094 854	73 583	1 171 957
Total equity and liabilities		–	–	3 520	1 094 854	2 239 125	3 337 499

39. Risk management

Capital risk management

The group and company's objectives when managing capital are to safeguard the group and company'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 and company consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 9, 19 and 20, cash and cash equivalents disclosed in note 15, and equity as disclosed in the statement of financial position.

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

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 2015 and 2014 respectively were as follows:

		Group		Company	
		2015	2014	**2015**	2014
	Note(s)	**R'000**	R'000	**R'000**	R'000
Total borrowings					
Loans from related parties	9	**–**	–	**4 227**	6 668
Other financial liabilities	19	**1 589 433**	1 421 703	**996 693**	875 937
		1 589 433	1 421 703	**1 000 920**	882 605
Less: Cash and cash equivalents	15	**230 526**	195 305	**166 616**	157 406
Net debt		**1 358 907**	1 226 398	**834 304**	725 199
Total equity		**3 080 831**	2 210 534	**3 031 757**	2 165 542
Total capital		**4 439 738**	3 436 932	**3 866 061**	2 890 741
Gearing ratio		**31%**	36%	**22%**	25%

Liquidity risk

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

The table below analyses the group and company'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.

	Less than 1 year	**Between 2 and 5 years**	**Over 5 years**
Group	**R'000**	**R'000**	**R'000**
At 31 December 2015			
Borrowings	**(28 183)**	**(889 821)**	**(671 429)**
Trade and other payables	**(217 746)**	**(672)**	**–**
Trade and other receivables	**25 324**	**–**	**–**
Other financial assets	**9 440**	**19 852**	**–**

39. Risk management *(continued)*

Liquidity risk (continued)

	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000
At 31 December 2014			
Borrowings	(26 299)	(783 968)	(607 916)
Derivative financial instruments	–	(3 520)	–
Trade and other payables	(273 210)	–	–
Trade and other receivables	25 808	–	–
Loans to group companies	6 007	–	–
Other financial assets	7 414	–	–

Company

	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000
At 31 December 2015			
Borrowings	**(28 183)**	**(839 606)**	**(128 904)**
Trade and other payables	**(187 457)**	**(672)**	**–**
Trade and other receivables	**59 304**	**–**	**–**
Loans to subsidiaries and associates	**207 280**	**–**	**–**
Other financial assets	**–**	**19 852**	**–**
At 31 December 2014			
Borrowings	(26 299)	(736 489)	(113 149)
Derivative financial instruments	–	(3 520)	–
Trade and other payables	(215 769)	–	–
Trade and other receivables	36 008	–	–
Loans to subsidiaries and associates	141 636	–	–

Interest rate risk

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

The group and company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. The interest and related terms of the group's interest-bearing loans are disclosed in note 19.

The group and company 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 and company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Interest rate sensitivity analysis

The scenarios are run only for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on pre-tax profit of a shift of 100 basis points in the interest rate would result in a decrease in profit of R9.2 million (2014: R7.3 million) for the group and R3.4 million (2014: R2.1 million) for the company. A 100 basis points decrease in the interest rate would have a equal, but opposite effect on profit or loss.

Interest rate swap contracts

Under interest rate swap contracts, the group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principle amounts. Such contracts enable the group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposure on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit inherent in the contract, and is disclosed in note 19.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

The group and company's exposure to interest rate risk at the end of the year is R920.7 million and R340.9 million respectively (2014: R735.8 million and R212.5 million respectively) after taking into consideration the notional amounts of the interest rate hedge of R512.5 million (2014: R512.5 million) for group and company.

Credit risk

Credit risk consists mainly of cash deposits, cash and 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 counter-party.

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. At 31 December 2015, the group and company did not consider there to be any significant concentration of credit risk which had not been adequately provided for. The provision raised against trade receivables represent the maximum credit risk the group and company expect.

Financial assets exposed to credit risk at year-end were as follows:

	Group		**Company**	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Financial instrument				
Interest rate swap	**19 852**	–	**19 852**	–
Cash and cash equivalents	**230 526**	195 305	**166 616**	157 406
Trade and other receivables	**–**	4 144	**–**	3 564

Foreign exchange risk

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

40. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 2

Recurring fair value measurements

		Group		Company	
		2015	2014	**2015**	2014
	Note(s)	**R'000**	R'000	**R'000**	R'000
Assets					
Financial assets at fair value through profit or loss – held for trading					
Interest rate swaps	10	**19 852**	–	**19 852**	–
Liabilities					
Financial liabilities at fair value through profit or loss					
Interest rate swaps	19	**–**	(3 520)	**–**	(3 520)
Total		**19 852**	(3 520)	**19 852**	(3 520)

Valuation techniques used to derive level 2 fair values

The discounted cash flow valuation technique is used to calculate level 2 fair values. Future cash flows are estimated based on forward interest rates and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

Fair value of the group and company's financial assets and financial liabilities that are not measured at fair value on a recurring basis:

	2015		2014	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	R'000	**R'000**	R'000	R'000
Group				
Trade and other receivables	**36 410**	**36 410**	42 160	38 016
Company				
Trade and other receivables	**67 893**	**67 893**	43 699	40 113

41. Going concern

The consolidated and separate 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.

42. Events after the reporting period

Effective 1 March 2016, Curro acquired the business operations and properties of Windhoek Gymnasium, for a consideration of R180 million. No other events have been identified. The accounting for this transaction is still in progress.

43. Setting off of deferred tax

The annual financial statements with audit report dated 18 March 2016 for the year ended 31 December 2015 as previously issued has been modified as noted below. The reclassification of deferred tax asset and liability balances has been made in this set in order to correct offsetting previously disclosed in the set issued on the 18 of March 2016 and to align to the disclosure thereof as contained in the audited annual financial statements for the year ended 31 December 2014. The net deferred tax liability for the Group and Company remain unchanged. This modification has no effect on the profit or retained income for the year.

This modification had no impact on previously reported profitability, equity or cash flows. The effect of the modification is shown below.

	Previously reported R'000	Revised R'000
Group Statement of Financial Position for the year ended 31 December 2015		
Deferred income tax asset	101 101	–
Deferred income tax liability	(289 665)	(188 564)
Net deferred tax liability	(188 564)	(188 564)
Group Statement of Financial Position for the year ended 31 December 2014		
Deferred income tax asset	70 985	–
Deferred income tax liability	(236 610)	(165 625)
Net deferred tax liability	(165 625)	(165 625)
Company Statement of Financial Position for the year ended 31 December 2015		
Deferred income tax asset	80 616	–
Deferred income tax liability	(178 352)	(97 736)
Net deferred tax liability	(97 736)	(97 736)
Company Statement of Financial Position for the year ended 31 December 2014		
Deferred income tax asset	56 878	–
Deferred income tax liability	(130 240)	(73 362)
Net deferred tax liability	(73 362)	(73 362)

44. Range of shareholding

	Number of shares held in range 2015	%	Number of shares held in range 2014	%
Range of shareholding				
1 to 500	**865 975**	**0.2**	634 383	0.2
501 to 1 000	**1 356 445**	**0.4**	1 052 021	0.3
1 001 to 5 000	**9 211 996**	**2.6**	7 891 178	2.4
5 001 to 10 000	**6 349 018**	**1.8**	6 097 883	1.9
10 001 and over	**339 084 306**	**95.0**	309 921 024	95.2
	356 867 740	**100.0**	325 596 489	100.0

	Number of shares held 2015	%	Number of shares held 2014	%
Public and non-public shareholding				
PSG Financial Services Ltd	**207 940 375**	**58.3**	185 907 466	57.1
Directors	**7 310 296**	**2.0**	7 653 600	2.4
Total non-public shareholding	**215 250 671**	**60.3**	193 561 066	59.5
Total public shareholding	**141 617 069**	**39.7**	132 035 423	40.5
	356 867 740	**100.0**	325 596 489	100.0

	Number of shareholders 2015	%	Number of shareholders 2014	%
Number of public and non-public shareholders				
Non-public	**7**	**0.1**	7	0.1
Public	**12 077**	**99.9**	9 503	99.9
	12 084	**100.0**	9 510	100.0

	Number of shares held 2015	%	Number of shares held 2014	%
Individual shareholders holding more than 5%				
PSG Financial Services Ltd	**207 940 375**	**58.3**	185 907 466	57.1
Thembeka Market Holdings (Pty) Ltd	**21 414 497**	**6.0**	25 911 541	8.0
	229 354 872	**64.3**	211 819 007	65.1

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 9:20 on Friday, 24 June 2016 (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 Curro and its subsidiaries, including the reports of the directors and the audit and risk committee for the year ended 31 December 2015. The annual integrated report of the company containing the audited annual financial statements is available at www.curro.co.za or can be obtained from the company at its registered office.

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

Note:
For any of the ordinary resolutions numbers 1 to 6 (inclusive) 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 numbers 7 and 8 to be adopted, at least 75% of the voting rights exercised on such resolution must be exercised in favour thereof.

2.1 Retirement and re-election of directors

2.1.1 Ordinary resolution number 1
"Resolved that Dr Sibongile Winnie Frieda Muthwa, who retires by rotation 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 Winnie Frieda Muthwa (Sibongile)

Sibongile has international business experience in non-government, development and public sectors, as well as in academia. Currently she is the Deputy Vice Chancellor: Institutional Support at the Nelson Mandela Metropolitan University. Sibongile serves as a non-executive director on the boards of the Seriti Institute NPC and the University Sports Company (Pty) Ltd. She is a Commissioner for the Financial and Fiscal Commission. Between 2004 and 2010 Sibongile served as the Director General of the Eastern Cape Provincial Government.

Qualifications: BA (SW) (Fort Hare), BA (SW) Hons (Wits), MSc (SPPDC), PhD (London)

2.1.2 Ordinary resolution number 2
"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)

Piet is the CEO of PSG Group Ltd and serves as a non-executive director on the boards of various PSG Group Ltd investee companies including Capitec Bank Ltd, Pioneer Food Group Ltd, Zeder Investments Ltd and PSG Konsult Ltd. He has been active in the investment and financial services industry since 1999.

Qualifications: BComm (Maths)

The reason for ordinary resolutions numbers 1 and 2 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 a component of the non-executive directors rotate at the AGM and, being eligible, may offer themselves for re-election as directors.

2.2 Re-appointment of the members of the audit and risk committee of the company

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

2.2.1 Ordinary resolution number 3

"Resolved that Mr Barend Petersen, being eligible, be and is hereby re-appointed as a member and chairman 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."

Summary curriculum vitae of Mr Barend Petersen (Barend)

Barend, a chartered accountant, has broad international business experience in mining, finance, auditing, the oil industry, energy, government relations, business turnarounds, corporate recovery, consulting and corporate governance. Barend is the executive chairman of De Beers Consolidated Mines and is also a non-executive director of various listed and unlisted companies including Anglo American South Africa Ltd. He is the chairman of Sizwe Business Recoveries (Pty) Ltd (founded by him in 1997).

Qualifications: CA(SA)

2.2.2 Ordinary resolution number 4

"Resolved that, subject to the approval of ordinary resolution number 1 above, Dr Sibongile Winnie Frieda Muthwa, being eligible, be and is hereby re-appointed 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 Muthwa has been included in paragraph 2.1.1 of this notice of AGM.

2.2.3 Ordinary resolution number 5

"Resolved that Mr Zitulele Luke (KK) Combi, being eligible, be and is hereby re-appointed 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."

Summary curriculum vitae of Mr Zitulele Luke Combi (KK)

KK serves as non-executive director of various listed and unlisted companies, including the PSG Group Ltd and also the chairman of Pioneer Food Group Ltd. He has broad knowledge and experience of business in different industries and has been active as an entrepreneur since 1995.

Qualifications: Diploma in Public Relations, member of the Institute of Directors South Africa

The reason for ordinary resolution numbers 3 to 5 (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 re-appointed, as the case may be, at each AGM of the company.

2.3 Re-appointment of auditor

Ordinary resolution number 6

"Resolved that Deloitte & Touche be and are hereby re-appointed as the auditors 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 6 is that the company, being a public listed company, must have its annual financial statements audited and such auditors must be appointed or re-appointed each year at the annual general meeting of the company, as required by the Companies Act.

2.4 General authority to issue ordinary shares for cash

Ordinary resolution number 7

"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 provision 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 of the company at the date of this notice of AGM, provided that:

- The approval shall be valid until the date of the next annual general meeting 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 company's issued share capital (number of securities) of that class as at the date of this notice of AGM, it being

recorded that ordinary shares issued pursuant to a rights offer or in consideration for acquisitions or shares issued to the Curro Holdings Limited Share Incentive Trust (Trust) or options granted by the Trust in accordance with the Listings Requirements of the JSE 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. As at the date of this notice of AGM 10% of the issued ordinary shares of the company amounts to 38 931 026 ordinary shares;

- 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; and
- If the issued securities represent, on a cumulative basis, 5% or more of the number of securities in issue, prior to that issue, an announcement containing full details of such issue shall be published on SENS."

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 7 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.

2.5 Amendments to the Curro Holdings Limited Share Incentive Trust

Ordinary resolution number 8

"Resolved that the directors of the company and the trustees of the Curro Holdings Limited Share Incentive Trust (the Share Incentive Scheme), be and are hereby authorised to amend the trust deed regulating the Share Incentive Scheme (the Trust Deed) in relation to the maximum aggregate number of shares which may be utilised for purposes of the Share Incentive Scheme, the maximum number of shares that may be acquired by any one beneficiary in terms of the Share Incentive Scheme and an amendment to the rights of participants all of which are set out in clauses 19.3.1, 19.4.1, 21.3, 25.1.3 and 25.2.3 of the Trust Deed, as follows:

2.5.1 In relation to the maximum aggregate number of shares which may be utilised for purposes of the Share Incentive Scheme:

By deleting the number "16 094 365" which appears in clause 19.3.1 of the Trust Deed and replacing it with the number "19 354 954"; and

2.5.2 In relation to the maximum number of shares that may be acquired by any one beneficiary in terms of the Share Incentive Scheme:

By deleting the number "3 218 873" which appears in clause 19.4.1 of the Trust Deed and replacing it with the number "3 870 990";

2.5.3 In relation to the amendment of the rights of participants:

By inserting "25" immediately after "24" which appears in clause 21.3 of the Trust Deed;

2.5.4 The deletion of the existing clause 25.1.3 in its entirety, and the substitution thereof with the following new clause 25.1.3:

the board in its discretion may permit any options which are capable of being exercised, in accordance with the provisions of clause 21.1, as at the date of death of such Beneficiary or within a period of up to 12 (twelve) months thereafter, as determined by the board, (Vesting Options) to be and remain capable of exercise provided that such Vesting Options must be exercised in terms hereof and within such period after the date of death of the Beneficiary as determined by the board, failing which the Beneficiary (and his estate) shall be deemed to have immediately forfeited his rights (unless the board determines to the contrary) in respect of any such Vesting Options; and

2.5.5 The deletion of the existing clause 25.2.3 in its entirety, and the substitution thereof with the following new clause 25.2.3:

the board in its discretion may permit any Options which are capable of being exercised, in accordance with the provisions of clause 21.1, as at the date of Retirement or retrenchment of such Beneficiary or within a period of up to 12 (twelve) months thereafter, as determined by the board, (Vesting Options) to be and remain capable of exercise provided that such Vesting Options must be exercised in terms hereof and within such period after the date of retirement or retrenchment of the beneficiary as determined by the board, failing which the beneficiary shall be deemed to have immediately forfeited his rights (unless the board determines to the contrary) in respect of any such Vesting Options."

The reason for ordinary resolution number 8 is that since the adoption of the Share Incentive Scheme by the shareholders of the company, the company has undertaken a number of rights offers which have resulted in the dilution of the maximum number of shares which may be utilised for purposes of the Share Incentive Scheme and the maximum number of shares which may be acquired by any one beneficiary in terms of the Share Incentive Scheme. An adjustment to the aforementioned maximum numbers is therefore necessary to ensure that same remain in proportion to the issued share capital of the company, as originally approved by shareholders (i.e. approximately 5% of the issued share capital of the company). Furthermore, changes to the clauses relating to the rights of participants in the Trust Deed is being proposed so as to ensure that the board can determine and permit for the vesting of options as would be appropriate for a specific period of time upon the death, retrenchment and or retirement of a participant to the scheme. In terms of the Listings Requirements of the JSE, these amendments require approval by shareholders.

At least 75% of the shareholders present in person or represented by proxy and entitled to vote at the AGM must cast their vote in favour of this resolution. In determining whether the requisite number of votes have been achieved to adopt this resolution, the votes attaching to any ordinary shares acquired in terms of the Share Incentive Scheme and owned or controlled by persons who are existing participants in the Share Incentive Scheme, and which may be impacted by the abovementioned resolution, shall not be taken into account.

3. To consider and, if deemed fit, approve, 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, provided that this authority will be valid until the next annual general meeting of the company."

Directors' fees	**Annual fee 2016**
Board	
Chairperson of the board	R412 000
Board members	R165 000
Members of board committees	
Audit and risk committee	R47 000
Remuneration committee	R23 500
Social, ethics and human resources committee	R23 500
Additional fee payable to the chairpersons of the board committees	
Audit and risk committee	R23 500
Remuneration committee	R11 800
Social, ethics and human resources committee	R11 800

Notes:

1. *Fees are paid for serving as directors and are not based on meetings attended.*
2. *The fees are to be paid bi-annually.*
3. *Fees relating to members of the remuneration committee shall apply to any other board committee that may be formed from the date of this AGM until the next AGM of the company.*

The reason for special resolution number 1 is for the company to obtain the approval of shareholders, by way of a 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 annual general meeting of the company.

3.2 Inter-company and related 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 annual general meeting 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 annual general meeting, to provide direct or indirect 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 the subscription and/or the acquisition of shares in the company or a related or inter-related company

"Resolved that, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, 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 sections 44(1) and 44(2) of the Companies Act) that the board of the company may deem fit to any person (including a juristic person) for purposes of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company ("**related**" or "**inter-related**" will herein have the meaning attributed to it in section 2 of the Companies Act), 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 annual general meeting of the company."

The reason for and effect of special resolution number 3 is to grant the directors the authority, until the next annual general meeting, to provide financial assistance to any person for purposes of, or in connection with, the subscription or purchase of options, shares or other securities in the company or any related or inter-related company or corporation. This means that the company is authorised, inter alia, to grant loans to any person (including its subsidiaries) or to guarantee and furnish security for the debt of any person where any such financial assistance is directly or indirectly related to that person subscribing for options, shares or securities in the company or its subsidiaries or purchasing options, shares or securities in the company or 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 by the company and its subsidiaries

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 and the Listings Requirements of the JSE, 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 annual general meeting 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 repurchase, that the company and its subsidiaries have 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; and
- The company and/or its subsidiaries may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless a repurchase programme, as contemplated in terms of 5.72(h) of the Listings Requirements of the JSE, have been submitted to the JSE in writing and executed by an independent third party."

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 special resolution number 4.

In terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not collectively 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.

3.4 Amendments to Memorandum of Incorporation

Special resolution number 5 – Amendment to the memorandum of incorporation of the company in relation to the electronic delivery of notices, circulars, documents, records and/or statements to shareholders (collectively referred to as "notices")

"Resolved, as a special resolution, that the memorandum of incorporation of the company be and is hereby amended by the insertion of the following article 21.2.2 immediately after article 21.2.1 and the deletion of the existing article 41 in its entirety, and the substitution thereof with the following new article 41:

'21.2.2 The company shall deliver notices of general meetings (including annual general meetings) to each shareholder entitled to vote at such meetings who has elected to receive such notices in accordance with clause 41 below.'

'41 All notices required to be given by the company in terms of the JSE Listings Requirements, the Act and/or the Regulations (hereinafter referred to as "**notices**" in this clause 41) shall be given by the company to each shareholder who has elected to receive such notices and shall be:

41.1.1 delivered by the company physically, by fax, by email (in accordance with Regulations 7 (4)), by registered post, or by any other means authorised by the JSE Listings Requirements, the Regulations and/or the Act, as may be applicable; and

41.1.2 for as long as the Securities are listed on the JSE, simultaneously given to the Issuer Services Division of the JSE.

41.2 All notices shall, in addition to the above, be released through SENS provided that, in the event that the Securities are not listed on the JSE, all the provisions of this memorandum of incorporation relating to the publication of notices via SENS shall no longer apply and such notices shall thereafter only be delivered in accordance with the provisions of the Act and the Regulations.

41.3 Each shareholder –

41.3.1 shall notify in writing to the company an address, which address shall be his registered address for the purposes of receiving written notices from the company by post; and

41.3.2 may notify in writing to the company an email address and/or facsimile number, which address shall be his address for the purposes of receiving notices by way of electronic communication (and by doing so the shareholder concerned shall be deemed to have confirmed that notices sent to such address can conveniently be printed by that shareholder within a reasonable time and at a reasonable cost as contemplated in section 6(10) of the Act),

provided that a shareholder who fails to notify the company of an address, email address and/or facsimile number as set out in this clause 41.3 above, will be deemed to have elected not to receive notices and documents, from the company.

41.4 Any shareholder whose address in the Securities Register is an address not within South Africa, shall be entitled to have notices served upon him at such address.

41.5 In the case of joint holders of a share, all notices shall, unless such holders otherwise in writing request and the directors agree, be given to that shareholder whose name appears first in the Securities Register and a notice so given shall be deemed sufficient notice to all the joint holders.

41.6 Any notice sent by any means permitted in the JSE Listings Requirements, the Act or the Regulations shall be deemed to have been delivered as provided for that method of delivery in the Listings Requirements, the Act or the Regulations, as the case may be.

41.7 Every person who by operation of law, transfer or other means whatsoever becomes entitled to any share, shall be bound by every notice in respect of that share which, previously to his name and address being entered in the Securities Register, was given to the person from whom he derives his title to such share.

41.8 Any notice or document delivered or sent by post, by fax or by email to or left at the registered address of any shareholder in pursuance of this memorandum of incorporation shall, notwithstanding that such shareholder was then deceased, and whether or not the company has notice of his death, be deemed to have been duly served in respect of any shares, whether held solely or jointly with other persons by such shareholder, until some other person be registered in his stead as the sole or joint holder thereof, and such service shall for all purposes of this memorandum of incorporation be deemed a sufficient service of such notice or document on his heirs, executors or administrators, and all persons (if any) jointly interested with him in any such Shares.'"

The reason for special resolution number 5 is to obtain the required approval from shareholders to amend the memorandum of incorporation of the company to allow the company to electronically deliver notices, documents, reports and/or circulars to shareholders.

The effect of special resolution number 5 is that the company will have the necessary authority to amend the memorandum of incorporation in the manner set out in special resolution number 5, which amendments have also been approved by the JSE.

3.5 Amendments to memorandum of incorporation

Special resolution number 6 – Amendment to the memorandum of incorporation of the company in relation to fractions:

"Resolved, as a special resolution, that the memorandum of incorporation of the company be and is hereby amended by the deletion of existing heading of clause 7 in its entirety and the substitution therefore with the following heading 'CONSOLIDATION, SUBDIVISION, REDUCTION OF CAPITAL AND FRACTIONAL ENTITLEMENT' and by the deletion of existing article 7.3 in its entirety, and the substitution thereof with the following new article 7.3:

'7.3 If a fraction of a share comes into being as a result of any action contemplated in clause 7.1 or any other corporate action, the board may, subject to compliance with the JSE Listings Requirements, to the extent applicable, round all allocations of shares down to the nearest whole number and make a cash payment for any fractional entitlement. Notwithstanding the aforementioned to the extent that the JSE advises of another principle to apply to fractional entitlements, the board may apply such principle.'"

The reason for special resolution number 6 is to obtain the required approval from shareholders to amend the memorandum of incorporation of the company in the manner that aligns the memorandum of incorporation with the recent amendments to the JSE Listings Requirements.

The effect of special resolution number 6 is that the company will have the necessary authority to amend the memorandum of incorporation in the manner set out in special resolution number 6, which amendments have also been approved by the JSE.

4. Other business

To transact such other business as may be transacted at an annual general meeting or raised by shareholders with or without advance notice to the company.

Information relating to the special resolution number 4

1. The directors of the company or its subsidiaries will only utilise the general authority to repurchase 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 repurchase;
   - 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 repurchase; and
   - The working capital available to the Curro group after the repurchase 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 directors, whose names appear on pages 24 and 25 of the integrated annual 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 AGM notice contains all information required by the Listings Requirements of the JSE.

   Special resolutions numbers 2, 3 and 4 are renewals of resolutions taken at the previous annual general meeting on 19 June 2015.

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, 13 May 2016.
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, 17 June 2016, with the last day to trade being Thursday, 9 June 2016.

3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairperson 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 the relevant instructions for its completion are set out, 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 no later than 9:20 on Wednesday, 22 June 2016.
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 LTD
25 May 2016

Registered office
38 Oxford Street
Durbanville, 7550
(PO Box 2436, Durbanville, Cape Town, South Africa, 7551)

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

Sponsor
PSG Capital (Pty) Ltd
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch, Cape Town, South Africa, 7600
(PO Box 7403, Stellenbosch, Cape Town, South Africa, 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 9:20 on Friday, 24 June 2016 (the **AGM**).

I/We (Full name in print) ....

of (address) ....

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

Cellphone number: ( ) ....

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

1. .... or failing him/her
2. .... or failing him/her
3. .... the chairperson 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
Ordinary resolution number 1: To re-elect Dr SWF Muthwa as director			
Ordinary resolution number 2: To re-elect Mr PJ Mouton as director			
Ordinary resolution number 3: To re-appoint Mr B Petersen as a member of the audit and risk committee of the company			
Ordinary resolution number 4: To re-appoint Dr SWF Muthwa as a member of the audit and risk committee of the company			
Ordinary resolution number 5: To re-appoint Mr ZL Combi as a member of the audit and risk committee of the company			
Ordinary resolution number 6: Re-appointment of the auditor			
Ordinary resolution number 7: General authority to issue shares for cash			
Ordinary resolution number 8: Amendments to Curro Holdings Limited Share Incentive Trust			
Special resolution number 1: Remuneration of non-executive directors			
Special resolution number 2: Inter-company financial assistance			
Special resolution number 3: Financial assistance for the subscription and/or the acquisition of shares in the company or a related or inter-related company			
Special resolution number 4: Share repurchases by the company and its subsidiaries			
Special resolution number 5: Amendments to the memorandum of incorporation in relation to electronic delivery of notices, circulars etc to shareholders			
Special resolution number 6: Amendments to the memorandum of incorporation in relation to fractions			

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.................................... 2016.

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 overleaf.

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 chairperson 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 chairperson 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 no later than 9:20 on Wednesday, 22 June 2016.
5. Any alteration or correction made to this form of proxy must be initialed 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 chairperson 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.

AGM	Annual general meeting
board	Board of directors of Curro Holdings Limited
BEE	Broad-Based Black Economic Empowerment
Capmac	Campus and Property Management Company Proprietary Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Investment Officer
COO	Chief Operating Officer
CSDP	Central Securities Depository Participant
Curro	Curro Holdings Limited
CCEE	Curro Centre for Educational Excellence
Companies Act	Companies Act No 71 of 2008, as amended
DBSA	Development Bank of South Africa
EBITDA	Earnings before interest, tax, depreciation and amortisation
EE Act	Employment Equity Act No 55 of 1998, as amended
FET	Further Education and Training
HR	Human Resources function
IBT	International benchmarking tests
IEB	Independent Examination Board
IT	Information technology and/or information technology and systems
IFRS	International Financial Reporting Standards
JSE	JSE Limited
King III	King Report on Governance for South Africa and the King Code of Governance Principles
Land Banking	The acquisition of land for the purpose of developing schools
Ltd	Limited
MOI	Memorandum of incorporation
Meridian	In July 2012, Curro, the Public Investment Corporation (PIC) and the Old Mutual Assurance Group South Africa (OMAGSA) through the Schools Fund (Seiifsa), provided R440 million in capital for the development of a group of Meridian schools to accommodate approximately 20 000 learners. In 2013, Curro and OMAGSA, through the Financial Sector Charter Fund (FSC fund) provided another R188 million capital for future development of Meridian school properties. Capmac owns the properties and the schools owned by Meridian Operations Company (RF) NPC is managed by Curro. In the report reference made to Meridian relates to this ring-fenced venture which main purpose is providing affordable quality education. Curro owns 65% equity of Capmac.
Ohasa	Occupational Health and Safety Act No 85 of 1993 as amended
OMAGSA	Old Mutual Assurance Group South Africa
NSC	National Senior Certificate
PIC	Public Investment Corporation
Pty (Ltd)	Proprietary Limited
Seiifsa or Schools Fund	Schools and Education Investment Impact Fund of South Africa
Institute for Higher Education	Embury Institute for Teacher Education Proprietary Limited, a wholly owned subsidiary currently providing tertiary education to educators

Curro was established in 1998. Dr Chris van der Merwe (Chris), Curro's current chief executive officer, initially envisioned the establishment of a small independent school which was intended to accommodate only an intermediate school phase (grades 4 to 7) in a converted house.

Soon after the planning was completed, Eduard Ungerer, one of Chris'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 Fef le Roux (Curro's chairman from 2009 to March 2013), purchased 30% of the company's shares. In 2005, Educor (Pty) Ltd (Educor), a subsidiary of Naspers Ltd (Naspers) acquired 25% of Curro's shares. With this support, the company entered into a business vision of establishing 20 Curro campuses 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 Fef le Roux and two of his colleagues at the Cape Bar. At that stage the company had three established schools. Andries Greyling, the Curro financial director at the time, also acquired shares in Curro.

In 2009, PSG Group Ltd approached Curro to become a 50% partner through their subsidiary, Paladin Capital (Pty) Ltd at the beginning of 2010; with the adoption of the development plan to have 40 campuses 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 (AltX) with a vision of 40 campuses with 45 000 learners by 2020 and raised R318 million through a rights offer soon thereafter.

A further rights offer and private placement to the value of R476 million were completed in July 2012. The capital was utilised for the expansion required at the existing schools and to acquire Woodhill College (Pretoria, Gauteng Province), Embury College (Durban, KwaZulu-Natal Province) and Rosen Castle. Rosen Castle laid the foundation to develop nursery schools under the Curro Castle brand.

Curro also transferred from the JSE's AltX to Main Board listing in July 2012.

In July 2012, Curro, the Public Investment Corporation (PIC) and the Old Mutual Assurance Group South Africa (OMAGSA) through the Schools Fund (SEIIFSA), joined forces to provide R440 million in capital for the development of a group of Meridian schools to accommodate approximately 20 000 learners.

In May 2013 a rights offer and private placement took place to the value of R661 million to enable Curro to expand at existing schools, to develop new schools in Ballito (KwaZulu-Natal Province) and Port Elizabeth (Eastern Cape Province), as well as a Curro Castle in George (Western Cape Province) and for the acquisition of Grantleigh (KwaZulu-Natal Province).

In 2013 Curro, through Capmac (Campus and Property Management Company (Pty) Ltd), acquired Northern Academy (Limpopo Province), a school in Polokwane with approximately 4 000 learners of which 2 500 reside in the school boarding facilities. Also, through Capmac, Meridian Karino (Nelspruit, Mpumalanga Province) was developed. Curro and OMAGSA, through the Financial Sector Charter Fund (FSC fund) provided another R188 million (collectively referred to as the Meridian joint venture) capital for future development of Meridian school properties.

Curro issued R150 million in five-year bonds, through a JSE listed domestic medium-term note programme in 2013.

The 2013 year ended on a high note with 21 027 learners; and five new campuses being constructed.

In June 2014 R600 million was raised through a rights offer to enable Curro to expand at existing schools, develop new schools in Brackenfell (Western Cape Province), Secunda (Mpumalanga Province), Monaghan Farm (Lanseria, Gauteng Province), Kathu (Northern Cape Province), Mahikeng (North West Province) and Soshanguve (Pretoria North, Gauteng Province) and to acquire Waterstone College (Pty) Ltd (in Johannesburg South, Gauteng Province) and Grantleigh (KwaZulu-Natal Province).

In 2014 a further two Meridian schools were developed through the Meridian joint venture, one in Cosmo City (Roodepoort, Gauteng Province) and one in Newcastle (KwaZulu-Natal Province).

Curro issued R125 million in five-year bonds through its JSE-listed domestic medium-term note programme and raised R450 million through Standard Bank of South Africa Ltd.

The purchase of seven sites for future development took place in 2014 to the value of about R100 million.

The 2014 year ended with approximately 28 737 learners and 10 new campuses, of which eight were constructed and two acquired.

Curro achieved R1 billion in revenue for the first time and achieved its pre-listing objective of 40 campuses, five years ahead of its original target of 2020.

In 2015 Curro invested R1 billion in growth and expansion projects, partially funded through a rights offer that took place in May 2015 to the value of R740 million. New schools added to the group were in Sitari Somerset West (Western Cape Province), Hillcrest (KwaZulu-Natal Province), Waterfall Estate (Gauteng Province), Bryanston (Gauteng Province) and Douglasdale (Gauteng Province), the three in Gauteng being Castles (pre-schools). R646 million was invested in existing campuses and about R85 million in the acquisition of sites for future growth.

In January 2016*, the group had about 41 864 learners in 110 schools (47 campuses).

Note:
* from this year onwards Curro also reports on a per-school basis and not only campuses.

General information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Independent schools and education services
Directors	**Executive** Dr CR van der Merwe Mr AJF Greyling Mr B van der Linde Mr HG Louw **Non-executive** Mr PJ Mouton **Independent non-executive** Mrs SL Botha (Chairperson) Mr B Petersen Mr ZL Combi Dr SWF Muthwa
Company secretary	Ms R van Rensburg
Registered office	38 Oxford Street Durbanville Cape Town South Africa 7550
Business address	38 Oxford Street Durbanville Cape Town South Africa 7550
Postal address	PO Box 2436 Durbanville Cape Town South Africa 7551
Holding company	PSG Financial Services Ltd, incorporated in South Africa
Bankers	Absa Bank Ltd First National Bank Ltd Standard Bank of South Africa Ltd
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, as amended.
Preparer	The audited financial statements were compiled under the supervision of Mr B van der Linde CA(SA), CFA.

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