

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

UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2016

Headline earnings up 59% from R51m to R81m

HEPS 51% up from 14.5 cents to 22.0 cents

Schools EBITDA up 27% from R204m to R259m

Revenue 24% up from R705m to R872m

Number of learners up 15% from 35 970 to 41 393

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited 30 Jun 2016 6 months R million	Unaudited 30 Jun 2015 6 months R million	Audited 31 Dec 2015 12 months R million
Revenue	24%	872	705	1 384
Operating expenses	22%	(661)	(541)	(1 092)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	29%	211	164	292
- Schools EBITDA	27%	259	204	382
- Head office EBITDA	20%	(48)	(40)	(90)
Depreciation and amortisation	24%	(52)	(42)	(85)
Earnings before interest and taxation (EBIT)	30%	159	122	207
Investment revenue	64%	18	11	27
Gain from bargain purchase		-	-	4
Share of profits of associates*		-	-	1
Impairment		-	-	(6)
Finance costs	18%	(78)	(66)	(118)
Profit before taxation (PBT)	48%	99	67	115
Taxation		(19)	(19)	(23)
Profit for the period (PAT)	67%	80	48	92
Other comprehensive income:				
Net fair value (loss) / profit on cash flow hedges		(18)	5	25
Total comprehensive income	17%	62	53	117
Profit attributable to:				
Owners of the parent	59%	81	51	98
Non-controlling interest		(1)	(3)	(6)
	67%	80	48	92
Total comprehensive income attributable to:				
Owners of the parent	13%	63	56	123
Non-controlling interest		(1)	(3)	(6)
	17%	62	53	117
Reconciliation of headline earnings:				
Earnings attributable to owners of the parent		81	51	98
Adjusted for:				
Impairment		-	-	6
Gain from bargain purchase		-	-	(4)
Headline earnings	59%	81	51	100
EBITDA margin		24%	23%	21%
Schools EBITDA margin		30%	29%	28%

Earnings per share (cents)**				
- Basic	51%	22.0	14.5	27.8
- Diluted	49%	21.6	14.5	27.8
Headline earnings per share (cents)**				
- Basic	51%	22.0	14.5	28.3
- Diluted	49%	21.6	14.5	28.3
Number of shares in issue (millions)				
- Basic		389.3	355.2	356.9
- Diluted		395.6	360.7	362.4
Weighted average number of shares in issue (millions)				
- Basic		370.2	347.2	353.5
- Diluted		376.5	352.7	359.0

Notes:

\* Amounts of less than R500 000 are displayed as R Nil in million rounding.

\*\* Earnings per share (EPS) and headline earnings per share (HEPS) for the comparative periods have been adjusted downwards by 0.3 cents for the six months ended 30 June 2015 and 0.4 cents for the year ended 31 December 2015 respectively. This is due to the retrospective adjustment of the 2016 rights offer undertaken. The adjustment to the basic and diluted weighted average number of shares in issue is an increase of 5.1 million shares for the six months ended 30 June 2015 and an increase of 5.2 million shares for the year ended 31 December 2015 respectively due to the bonus element contained within the rights offer. EPS and HEPS are calculated on the actual rand value of amounts disclosed in the condensed consolidated statement of comprehensive income and not on R million rounding.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Unaudited	Unaudited	Audited
		30 Jun 2016	30 Jun 2015	31 Dec 2015
	%	6 months	6 months	12 months
	change	R million	R million	R million
Cash generated from operations	29%	218	169	306
Tax paid	33%	(4)	(3)	(9)
Net finance costs	9%	(60)	(55)	(91)
Working capital movements	n/a	49	(32)	(44)
Net cash generated from operating activities	157%	203	79	162
Net cash utilised in investing activities	102%	(529)	(262)	(1 030)
Net cash from financing activities	44%	1 134	790	904
Cash and cash equivalents movement for the period		808	607	36
Cash and cash equivalents at the beginning of the period		231	195	195
Cash and cash equivalents at the end of the period		1 039	802	231

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited	Unaudited	Audited
	30 Jun 2016	30 Jun 2015	31 Dec 2015
	R million	R million	R million
<b>ASSETS</b>			
Non-current assets	5 291	4 052	4 756
Property, plant and equipment^	4 725	3 568	4 250
Goodwill	397	338	333
Intangible assets	147	128	134
Investment in associate	9	9	10
Other financial assets	13	9	29
Current assets	1 154	868	323
Inventories	6	5	8
Current tax receivable	5	4	6
Other financial assets^	53	-	42
Loan to group companies	-	3	-
Trade and other receivables	51	54	36
Cash and cash equivalents	1 039	802	231
Total assets	6 445	4 920	5 079
<b>EQUITY</b>			
Equity attributable to equity holders of parent	4 209	3 003	3 088
Share capital	3 885	2 819	2 834
Reserves	28	23	39
Retained income	296	161	215

Non-controlling interest	(9)	(4)	(7)
Total equity	4 200	2 999	3 081
LIABILITIES			
Non-current liabilities	1 895	1 670	1 750
Loans and other financial liabilities	1 640	1 492	1 561
Deferred tax	255	178	189
Current liabilities	350	251	248
Loans and other financial liabilities	36	30	28
Current tax payable	-	5	-
Trade and other payables	127	91	99
Prepaid school fees and deposits	155	119	115
Acquisition payables	32	6	6
Total liabilities	2 245	1 921	1 998
Total equity and liabilities	6 445	4 920	5 079
Net asset value per share (cents)	1 078.9	845.4	865.3

Note:

^ R40 million of Property, plant and equipment has been reclassified to Other financial assets with respect to the comparative year, 31 December 2015. The reclassification had no effect on the condensed consolidated statement of financial position other than to more appropriately reflect the nature of the underlying transaction.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited 30 Jun 2016 6 months R million	Unaudited 30 Jun 2015 6 months R million	Audited 31 Dec 2015 12 months R million
Balance at the beginning of the period	3 081	2 211	2 211
Total comprehensive income	62	53	117
Issue of shares	1 070	740	756
Share issue costs	(20)	(14)	(14)
Other	7	9	11
Balance at the end of the period	4 200	2 999	3 081

CONDENSED CONSOLIDATED SEGMENTAL REPORT

	% change	Unaudited 30 Jun 2016 6 months R million	Unaudited 30 Jun 2015 6 months R million	Audited 31 Dec 2015 12 months R million
Revenue	24%	872	705	1 384
- Curro	27%	741	584	1 149
- Meridian	8%	131	121	235
Schools EBITDA	27%	259	204	382
- Curro	28%	223	174	326
- Meridian	20%	36	30	56
Net head office expenditure	20%	(48)	(40)	(90)
Headline earnings	59%	81	51	100
- Curro	44%	78	54	111
- Meridian	n/a	3	(3)	(11)
Headline earnings per share (cents)	51%	22.0	14.5	28.3
- Curro	35%	21.0	15.5	31.4
- Meridian	n/a	1.0	(0.9)	(3.1)
Earnings per share (cents)	51%	22.0	14.5	27.8
Total assets	31%	6 445	4 920	5 079
- Curro	37%	5 806	4 232	4 398
- Meridian	(7%)	639	688	681
Total liabilities	17%	2 245	1 921	1 998
- Curro	29%	1 579	1 222	1 350
- Meridian	(5%)	666	699	648

J-CURVE

The table below illustrates the J-curve effect from newly established schools to more mature schools by age. All amounts are as at 30 June.

Number	Learner numbers	Growth	Schools EBITDA	Growth	Schools EBITDA	Eventual capacity
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	of schools			(R million)							margin								
	2016	2014	2015	2016	13/14	14/15	15/16	2014	2015	2016	13/14	14/15	15/16	2014	2015	2016	2014	2015	2016
Developed schools	80	14 633	20 734	24 344	36%	42%	17%	62	88	132	175%	43%	49%	25%	23%	28%	40%	40%	42%
2009 and before	8	3 121	3 313	3 422	5%	6%	3%	17	19	23	45%	7%	23%	31%	29%	30%	79%	84%	86%
2010	6	1 999	2 131	2 216	22%	7%	4%	9	12	15	155%	34%	26%	26%	29%	32%	62%	66%	69%
2011	16	3 720	4 382	4 530	26%	18%	3%	14	20	28	419%	46%	37%	22%	23%	27%	39%	45%	47%
2012	6	1 351	1 599	1 764	34%	18%	10%	4	8	9	428%	68%	17%	19%	23%	23%	40%	48%	53%
2013	11	3 643	4 918	5 651	71%	35%	15%	20	34	48	467%	71%	41%	35%	37%	42%	37%	50%	58%
2014	8	799	1 267	1 506		59%	19%	(3)	1	2		n/a	120%	(27%)	5%	9%	12%	19%	22%
2015	19		3 124	4 730			51%		(5)	9			n/a		(14%)	14%		20%	30%
2016	6			525						(1)						(14%)			9%
Acquired schools	30	14 266	15 351	17 049	28%	8%	11%	78	117	131	48%	49%	12%	32%	35%	34%	72%	75%	77%
2012 and before	17	6 511	6 890	6 847	11%	6%	(1%)	49	64	69	28%	29%	7%	36%	39%	38%	68%	72%	71%
2013	3	5 728	5 795	5 541	8%	1%	(4%)	26	31	33	77%	22%	5%	31%	33%	36%	74%	75%	71%
2014	5	2 027	2 066	2 425		2%	17%	4	19	23		435%	23%	14%	30%	31%	82%	84%	82%
2015 and 2016	5		600	2 236					3	7			138%		23%	19%		81%	92%
Property rental								(1)	(4)										
Total	110	28 899	36 085	41 393	32%	25%	15%	140	204	259	86%	45%	27%	29%	29%	30%	51%	50%	51%

Note:

Acquired schools indicates the year the school was incorporated in Curro. All acquired schools have been established for at least 7 years.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF COMPLIANCE

The condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the information as required by IAS 34 Interim Financial Reporting, the Listings Requirements of the JSE and the requirements of the Companies Act of South Africa, as amended. The report has been prepared using accounting policies that comply with IFRS which are consistent in all material respects with those applied in the audited annual financial statements for the year ended 31 December 2015. The unaudited condensed consolidated interim results have been prepared internally and supervised by the Chief Financial Officer, B van der Linde CA(SA), CFA.

2. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial information are consistent with those of the audited annual financial statements for the year ended 31 December 2015. For a full list of standards and interpretations which have been adopted, we refer you to the 31 December 2015 annual financial statements.

3. SHARE CAPITAL

Effective 16 May 2016, 32.4 million shares were issued for a total cash consideration of R1.07 billion by way of an underwritten renounceable rights offer at a subscription price of R33.00 per rights offer share and a ratio of 1 rights offer share for every 11 Curro ordinary shares held.

4. BUSINESS COMBINATIONS

Effective 1 March 2016, Curro acquired the business operations and properties of Windhoek Gymnasium.

## 5. EVENTS AFTER THE REPORTING PERIOD

Effective 1 July 2016, Curro acquired Building Blocks pre and primary school, situated in Midrand, and St Conrad's College, situated in Klerksdorp.

On 12 August 2016, Curro raised R250 million through the issue of 6 million ordinary shares, in terms of a general authority to issue shares for cash, at R41.50 per share.

## 6. FINANCIAL ASSISTANCE

Curro has established a wholly owned subsidiary, Curro Funding Company (Pty) Ltd ("Curro Funding"), to act as a funding and treasury vehicle within the Group by obtaining funding from third-party financiers and providing financial assistance to inter-related entities within the Group. Curro will, directly or indirectly, guarantee the obligations of Curro Funding in terms of such funding and provide indemnities to any third-party financiers of Curro Funding.

In addition, Curro will provide a loan of up to R550 million to its wholly owned subsidiary, Embury Institute for Teacher Education (Pty) Ltd, for its planned expansions and acquisitions.

In this regard, Curro hereby gives notice in terms of section 45(5) of the Companies Act, No. 71 of 2008, as amended that on 15 August 2016 Curro's board of directors ("Board") authorised the Company to provide the above-mentioned loan, guarantees and indemnities. The above-mentioned financial assistance is granted in terms of the authority that was provided to the Board by shareholders at Curro's annual general meeting on 24 June 2016.

KEY RATIOS	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Dec 2015	30 Jun 2016
Number of campuses	22	26	32	42	47
Number of schools	61	72	80	101	110
Number of learners	12 473	21 027	28 737	35 970	41 393
Average number of learners per campus	567	809	898	856	887
Number of employees	1 630	2 387	3 128	3 969	4 606
Number of teachers	1 151	1 593	1 905	2 339	2 752
Learner/teacher ratio	11	13	15	15	15
Building size (m <sup>2</sup> )	169 024	261 004	392 314	449 067	493 918
Land size (ha)	153	188	298	359	380
Capital investment (R million)	782	1 076	1 305	1 022	529
- Current campuses (R million)	223	602	651	638	193
- New campuses (R million)	237	242	482	369	181
- Acquisitions (R million)	322	232	172	15	155

## COMMENTARY

Curro provides private education to 41 393 learners in 110 schools on 47 campuses. It operates at 78% of existing building capacity and at 51% of eventual capacity.

## FINANCIAL RESULTS

Revenue increased by 24% from R705 million to R872 million. Schools EBITDA increased by 27% from R204 million to R259 million. EBITDA increased by 29% from R164 million to R211 million. The EBITDA margin increased from 23% to 24%. The increases are attributable to the increase in learner numbers. The filling of classroom capacity has had a positive effect on the Schools EBITDA margin, which increased from 29%

to 30% and which can be viewed in the J-curve table.

Net interest expense has increased by 9% from R55 million to R60 million as a result of increased borrowings used for expansion at existing schools and development of new schools.

Headline earnings increased by 59% from R51 million to R81 million, and headline earnings per share increased by 51% from 14.5 cents to 22.0 cents as a result of the aforementioned increased weighted number of shares in issue following the rights offer.

#### DIVIDEND

No dividend has been declared for the period.

#### ACQUISITIONS

Effective 1 March 2016, Curro acquired Windhoek Gymnasium (Namibia), with approximately 1 700 learners.

Effective 1 July 2016, Curro acquired:

- Building Blocks pre and primary school, situated in Midrand, with 805 learners; and
- St Conrad's College, situated in Klerksdorp, with 600 learners.

Curro will continue to look for suitable value-enhancing acquisition opportunities.

#### INVESTMENT AND EXPANSION

The 2016 investment programme includes:

- Construction of nine new campuses to the value of R950 million. These campuses include Curro Waterfall Primary (Gauteng), Curro Century City High School (Western Cape), Curro Krugersdorp High School (Gauteng), Curro Rivonia (Gauteng), Curro Academy Wilgeheuwel (Gauteng), Curro Academy Clayville (Gauteng), Curro Academy Pretoria (Gauteng), and a campus for Embury Institute for Teacher Education in Waterfall Estate (Gauteng);
- Expansion of existing campuses to the value of R500 million; and
- Actual land banking of R60 million for the period under review, with another R300 million in the pipeline during the next six to 12 months, depending on the timing of conditions met.

#### PROSPECTS

Curro has an attractive pipeline of new opportunities and remains on track to achieve its vision of "80@20", being 80 campuses (200 schools) by 2020.

On behalf of the board

SL Botha  
Chairperson

CR van der Merwe  
Chief Executive Officer

16 August 2016

STATUTORY AND ADMINISTRATION

Directors: SL Botha\*\* (Chairperson), ZL Combi\*\*, AJF Greyling (COO), HG Louw (CIO), PJ Mouton\*, SWF Muthwa\*\*, B Petersen\*\*, B van der Linde (CFO), CR van der Merwe (CEO) (\*Non-executive \*\* Independent non-executive)

Registered office: 38 Oxford Street, Durbanville, 7550

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

Corporate adviser and sponsor: PSG Capital