ANNUAL INTEGRATED **REPORT**

for the year ended **31 December 2016**

CURRO

CONTENTS

HIGHLIGHTS

434
Land size (ha)

558 683
Building size (m^2)

17
Learner/educator ratio

2 734
Number of educators

4 990
Number of employees

54
Number of campuses

127
Number of schools

47 589
Number of learners

Figures as at 31 January 2017

SCOPE AND BOUNDARY

About this report

This is the 2016 annual integrated report (the report) of Curro Holdings Ltd (Curro), which is published for the year ended 31 December 2016 and presents an overview of the activities, practices, progress, financial and non-financial information of the company.

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 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 of the group 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 page 11 of this report. Subsequent to year-end there have been developments in the tertiary-education business – more details in this regard can be found on pages 21 and 28 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 for shareholders, funders, regulators, current and prospective employees, suppliers and community members, among others. Stakeholders requiring more in-depth information are invited to contact Curro directly or to visit its website on www.curro.co.za for further details.

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

Materiality

The selection of issues discussed in this report was informed by inputs from a broad spectrum of stakeholders, including Curro employees, clients, capital providers, regulators and suppliers, and was further reviewed, refined and finalised through engagement with the executive management and board. The selection also took into account relevant regulations, Curro's key competencies, key risks to which the group is exposed, and – above all – the vision and values of the organisation.

Frameworks and assurance

The reporting principles that have been applied in this report were guided by International Financial Reporting Standards (IFRS), the requirements of the King Report on Corporate Governance for South Africa 2009 (King III), 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 they have apprised themselves of the materiality, accuracy and balance of disclosures in this report. In addition, external assurance for aspects of the reporting process was sought from a variety of sources. These include:

- Independent auditors Deloitte & Touche, for Curro's annual financial statements.
- Curro's 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 2016 annual integrated report

The board of directors of Curro Holdings Ltd 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 2016 annual integrated report for publication.

On behalf of the board

SL Botha
Chairperson of the Board

Dr CR van der Merwe
Chief Executive Officer


The
future is
bright

2.1 Profile, vision and ethos

Curro Hermanus, Western Cape, provides quality education to learners from the age of three months to Grade 12.

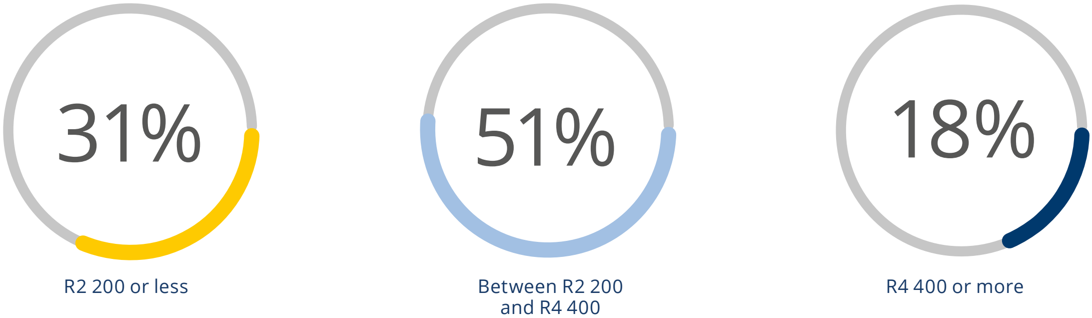
Profile of Curro Holdings Ltd

Curro has been a proud provider of education to learners since 1998 and believes that education is a cornerstone in the development of quality leaders and responsible citizens who will positively impact society. From humble beginnings, Curro is the largest for-profit independent school group in Africa today and provides education services to approximately 47 589 learners in 127 schools across South Africa and Namibia. As at year-end Curro had 4 806 employees, of which 2 595 were educators, dedicated to developing the leaders of tomorrow. Curro's vision is to provide 80 campuses (or 200 schools) that will be able to accommodate many more learners moving into 2021. This is called Curro's 80@20 vision. Curro's journey since inception can be found on pages 10, 11 and 146 of this report.

Curro provides the opportunity to learners from all walks of life to obtain a quality education. Its product offerings are as follows:

School brand	Maximum class size	Monthly school fees	Additional offerings
Curro schools	25 learners	R2 350 to R7 800	Excellent facilities and a significant number of subject choices and extramural activities. Use of technology as a learning tool in the classroom.
Curro Select schools	25 learners	R3 400 to R7 990	Curro Select schools retain their original well-established identity and ethos. Superior facilities for both academics and sport, a rich heritage and sound academic and extramural results.
Curro Academies and Meridian schools	35 learners	R1 150 to R2 600	Quality facilities, selected subject choices and extramural activities. Use of technology as a learning tool in the classroom.
Curro Castles	25 children	R3 100 on average	Quality facilities, follows the unique Curro preschool curriculum focusing on early learning goals. Provides well-balanced, wholesome meals and snacks.

Proportion of learners per school-fee bracket (average monthly school fees)



Quality in everything Curro does

Curro's schools apply 21st century teaching and learning methodology in classrooms, including the active involvement of technology. The Castles follow Curro's preschool curriculum, which was developed in-house. This assists in developing a child's physical, social and emotional well-being, while also providing a practical framework for both adult-facilitated and self-directed learning, laying the foundation before the child goes to primary school.

Curro considers the written curriculum to be the mainstay of its offering and believes that successful learning takes place if learners receive the taught curriculum in accordance with the intentions of the written curriculum.

The ancillary services vary between schools and include boarding, aftercare, cafeterias, school transport and activity centres.

Through Curro's wholly owned subsidiary, the Embury Institute for Higher Education (Pty) Ltd (Institute for Higher Education), accredited educator training programmes are offered in early childhood education, the foundation phase and the intermediate phase. The Institute for Higher Education is in the process of registering additional courses focusing on Grade R, the senior phase and the further education and training (FET) phase, BSc, BCom and BA degrees, as well as distance educator training programmes, to extend Curro's tertiary-education offering. Refer to pages 21 and 28 for more details on the development of the Institute for Higher Education and its expansion strategy.

Refer to page 15 for statistics on the growth in the enrolment numbers of learners.

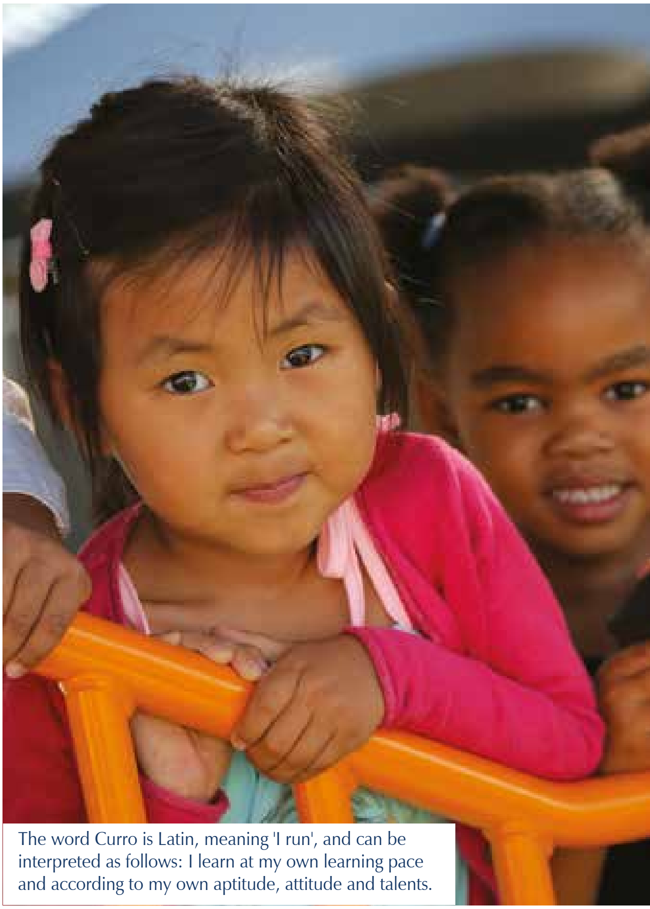
For details on how mature schools compare to developing schools, refer to page 48 of this report.

Curro's ethos and values

Four key principles inform Curro's value system.
They are:

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

Through these principles Curro creates a balanced educational space in which learners can enjoy many extra-mural activities such as sport and culture, while the essence of a school, namely to accomplish successful learning, remains the focus point. These components also form the foundation of Curro's ethical standards, which are included in the group's code of ethics.



The word Curro is Latin, meaning 'I run', and can be interpreted as follows: I learn at my own learning pace and according to my own aptitude, attitude and talents.

Stakeholder engagement

Clients (learners and parents)	Daily engagement takes place between educators and learners, regarded as the primary stakeholders within the group. This is done by utilising various teaching methods and communication programmes, all in line with 21st century teaching and learning methodologies. In addition, a corporate communication programme exists for parents, which includes updates that are school-specific and directly related to the Curro curriculum. This ensures the maximum engagement between the group and its learners, parents and/or guardians (collectively referred to as Curro's clients).
Regulators	Engagement with regulators takes place within the formalised education management structure. Dedicated Curro staff 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) engage continuously with investment communities and shareholders.
Employees	Engagement with this stakeholder group is covered on page 24 of this report under human capital.
Communities	Curro actively engages with and supports the communities in which it operates. This is evidenced by its contribution of R43 million to social projects and bursaries for 2016, including the launch of the Ruta Sechaba Foundation scholarship programme. More information on the Ruta Sechaba Foundation scholarship programme can be found on page 19 of this report.

Refer to further detail on Curro's stakeholders on pages 26 to 28 of this report.

Academic performance

Curro endeavours to create an environment that supports the development of learners into well-rounded citizens of South Africa. Citizens should be able to serve companies, institutions and industries with relevant skill sets, acquired at school level and subsequently at tertiary-education institutions or the like. Citizens should serve within all levels of society. Curro welcomes qualifying learners who enrol at its schools or schools managed by it. Curro accommodates slow, medium and fast qualifying learners, as it acknowledges that individuals self-actualise at different phases of their lives. It is against this background that Curro is proud of the close to 100% Grade 12 pass rate achieved for the past 16 years.

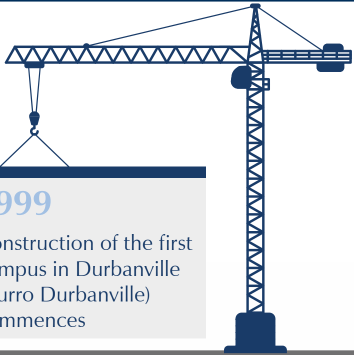
The class of 2016 consisted of 1 650 (2015: 1 431) learners who wrote their Grade 12 examinations (Independent Examinations Board or National Senior Certificate, as relevant). A good performance was achieved, with 1 591 (2015: 1 411) learners who passed. This is a 96.42% (2015: 98,6%; 2014: 95,3%) pass rate. The Grade 12 academic performance is a key indicator of the quality of the education provided by the group. Refer to page 14 for more details on academic performance in 2016, including statistics on university and diploma exemptions and the percentage of learners who achieved distinctions and an average of more than 60%.

Learners at Meridian Cosmo City participate in singing. Culture is considered to be one of the foundational pillars for developing a well-balanced individual.

2.2 Curro's journey since inception

1998

Curro is founded with 28 learners in the vestry of a church



1999

Construction of the first campus in Durbanville (Curro Durbanville) commences

2006

Curro has approximately 900 learners

Construction of the second campus in Langebaan (Curro Langebaan) commences

2012

Curro has 19 campuses, with approximately **12 000** learners

Raises R476 million through a rights offer

Moves to the Main Board of the JSE

Market capitalisation exceeds R4 billion

2013

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

Adopts '80@20' growth strategy, i.e. 80 campuses will be developed by the end of 2020

Curro has 26 campuses with 21 027 learners

Commences with Meridian schools

Raises R606 million through a rights offer

Lists a domestic medium-term note programme on the JSE

Curro develops five new campuses

Market capitalisation exceeds R8 billion

2014

Adds 10 new campuses, of which eight are constructed and two acquired

Develops existing schools further to the value of approximately R500 million

Reports an annual revenue of R1 billion for the first time

Rights offer of R600 million takes place during June

Curro ends the year with 32 campuses and 28 737 learners

2015

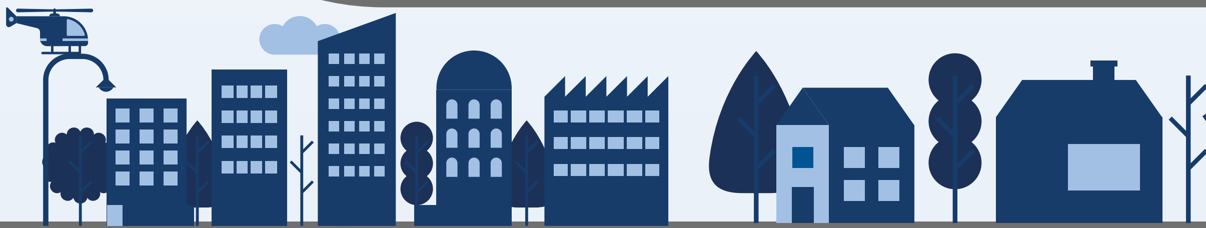
Curro starts the year with 42 campuses (101 schools) and 35 970 learners

Curro Academy schools are launched

Invests R1 billion in growth and expansion projects

Develops five new campuses

Raises R740 million through a rights offer



2007

Curro Langebaan campus opens

Curro has approximately 1 000 learners

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 raises R318 million through a rights offer

JSE

2016

Curro ends the year with 49 campuses (115 schools) and 43 183 learners

Acquires Windhoek Gymnasium in Namibia, Building Blocks schools and St Conrad's College

Invests R1.7 billion in growth and expansion projects

Announces expanded vision for Embury

2017

Curro starts the year with 54 campuses (127 schools) and

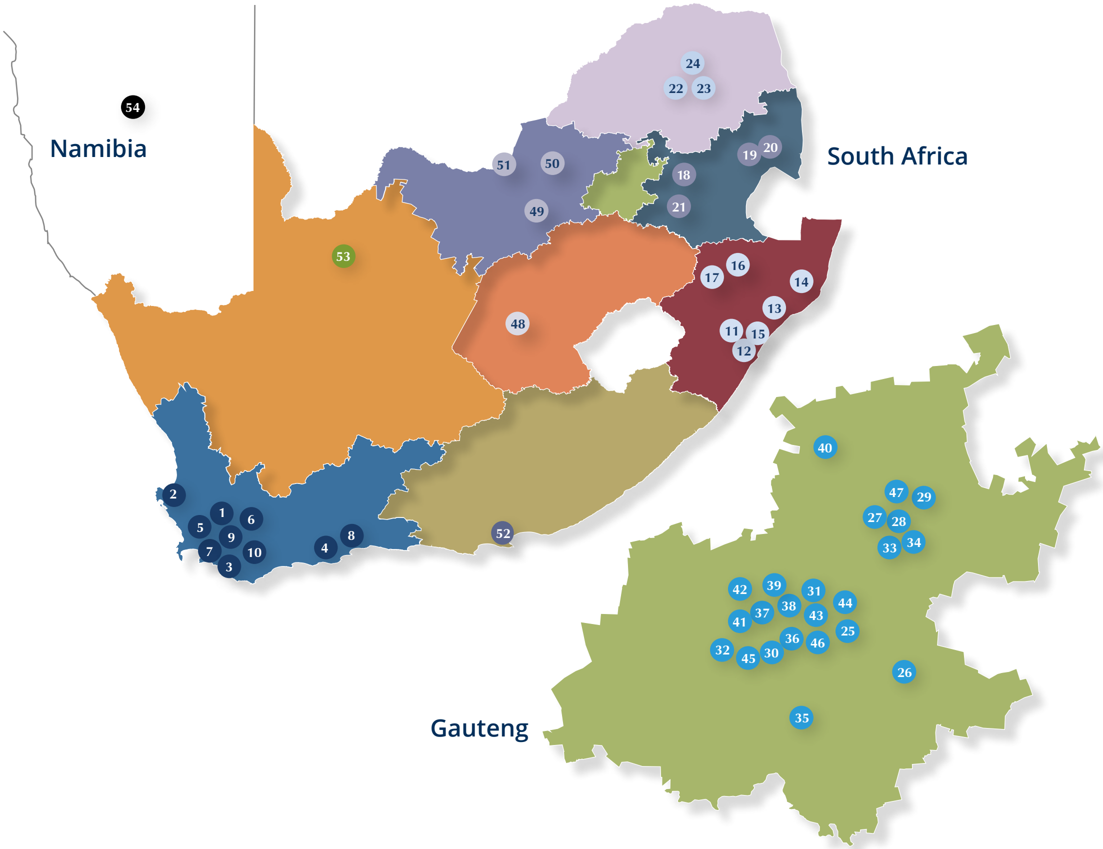
47 589 learners

Plans to invest R2 billion in growth and expansion projects

More details on Curro's journey since inception can be found on page 146 of this report.

ORGANISATIONAL OVERVIEW

2.3 Geographic 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 Embury 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)

Gauteng

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
39 Curro Waterfall
40 Curro Academy Soshanguve
41 Meridian Cosmo City
42 Curro Monaghan
43 Building Blocks
44 Curro Academy Clayville
45 Curro Academy Wilgeheuwel
46 Curro Rivonia
47 Embury Montana

Free State

48 Curro Bloemfontein

North West

49 Curro Klerksdorp
50 Meridian Rustenburg
51 Curro Academy Mahikeng

Eastern Cape

52 Curro Westbrook (Port Elizabeth)

Northern Cape

53 Curro Kathu

Namibia

54 Windhoek Gymnasium

Life always is an adventure at Curro Castle Sitari.

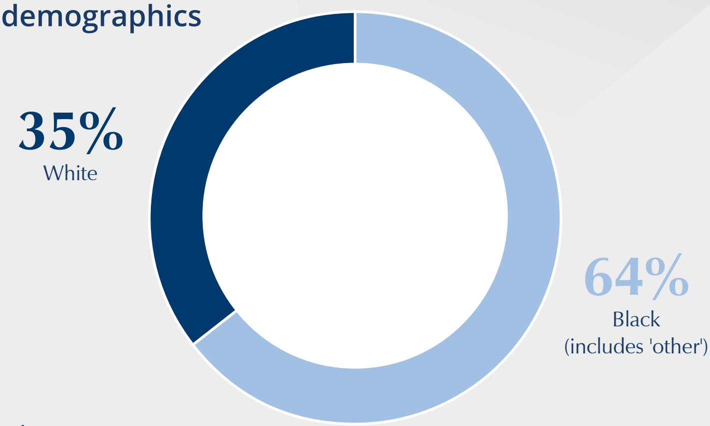
2.4 Key statistics

Academic results – 2016*

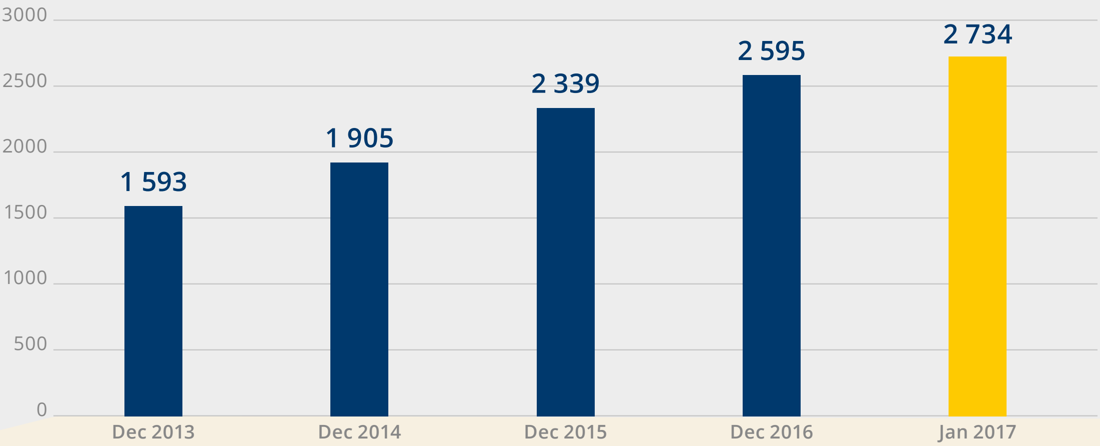
Number of learners	Pass rate	University or diploma exemption	Learners with an A aggregate	Average > 60%
877	99%	84%	9%	70%

Number of learners	Pass rate	University or diploma exemption	Learners with an A aggregate	Average > 60%
773	93%	79%	1%	30%

Learner demographics



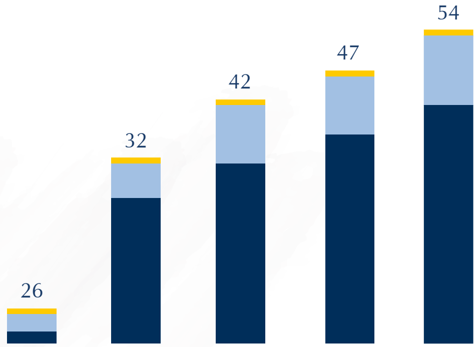
Number of educators



IEB (Independent Examinations Board)
NSC (National Senior Certificate)

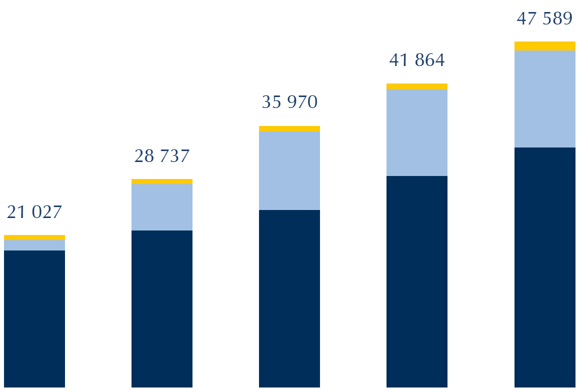
*Excluding Windhoek Gymnasium
**Meridian and Curro Academy schools

Number of campuses



	Jan 2013	Jan 2014	Jan 2015	Jan 2016	Jan 2017
Institute for Higher Education	1	1	1	1	2
Meridian and Curro Academy schools	3	6	10	10	12
Curro and Curro Select schools	22	25	31	36	40
Total	**26**	**32**	**42**	**47**	**54**

Number of learners



	Jan 2013	Jan 2014	Jan 2015	Jan 2016	Jan 2017
Institute for Higher Education	800	800	800	800	978
Meridian and Curro Academy schools	1 401	6 389	10 787	12 022	13 453
Curro and Curro Select schools	18 826	21 548	24 383	29 042	33 158
Total	**21 027**	**28 737**	**35 970**	**41 864**	**47 589**

2.5 Group financial performance review

Key performance indicators for the years ended 31 December

	2012	2013	2014	2015	2016	CAGR
Profitability						
Revenue (R million)	366	659	1 001	1 384	1 761	48%
Employee costs (R million)	222	386	550	738	936	43%
EBITDA (R million)	53	114	191	292	387	64%
Profit attributable to ordinary shareholders (R million)	15	37	55	98	172	85%
Earnings per share (cents)	7.1	12.9	17	27.8	43.9	58%
EBITDA margin	14%	17%	19%	21%	22%	11%
Statement of financial position						
Total assets (R million)	1 484	2 634	4 073	5 079	7 322	49%
Interest-bearing liabilities (R million)	346	817	1 399	1 583	1 624	47%
Equity (R million)	862	1 563	2 211	3 081	4 964	55%
Net asset value per share (cents)	358.2	529.2	679.1	865.3	1 222.0	36%
Capital investment (R million)						
- Current campuses	223	602	651	646	571	
- New campuses	237	242	482	369	649	
- Acquisitions	322	232	172	15	266	
- Embury	-	-	-	-	214	
Total capital investment	782	1 076	1 305	1 030	1 700	21%

Curro Waterfall – the primary school of this modern campus opened its doors in January 2017.

VALUE ADDED

2015	Value distribution (R million)	2016
64% R738	Distributed to employees	61% R936
13% R153	Distributed to providers of capital	12% R179
9% R98	Value retained	11% R172
9% R104	Value reinvested	10% R148
3% R33	Distributed to government	3% R46
2% R27	Distributed to social responsibility	3% R43

2.6 Group highlights 2016

Sunday Times Top 100 Companies

The Sunday Times Top 100 Companies tracks the best performing businesses on the JSE, acknowledging those with the highest shareholder returns over the past five years.

Curro Holdings was placed third for 2016.

Curro Holdings placed third in the Sunday Times Top 100 Companies for 2016.

Launch of the Curro Entrepreneurship Competition

In support of Curro's commitment to stimulating innovation, problem-solving and critical thinking, this competition, open to all learners from Grades 9 to 11, fosters the spirit of entrepreneurship in Curro.

CURRO Entrepreneurship Competition

This practical, real-life situation competition sees young people learning how to make their dreams a reality and take responsibility for creating their future careers.

The 2016 competition saw:

- Teams from 19 different Curro schools across South Africa participate.
- Altogether 164 learners in teams of 3 or 4.

Grassroots iKhusi Project, the winning initiative, is an enterprise fashioned by four Grade 11 learners from Curro Aurora (Gauteng), which aims to partner with local businesses' corporate social responsibility (CSR) initiatives to deliver waterproof sleeping bags made from recycled material to the homeless and poor.

Launch of the Ruta Sechaba Foundation scholarship programme

The Ruta Sechaba Foundation was established in 2016 to provide scholarships, bursaries and awards to qualifying learners at Curro or Curro-managed schools. The PSG Group BEE Education Trust is the initial donor to the foundation.

The highlights:

- An overwhelming 600 applications were received
- 226 eligible applications (based on minimum criteria required)
- 130 bursaries were awarded
- Of the 130 successful applicants:
    - 119 learners were awarded academic bursaries
    - 11 learners were awarded sports bursaries
    - 73 applicants were from Northern Academy
    - 23 applicants were new learners
    - 16 applicants received 100% bursaries

Making a difference in 2016 – community outreach

Schools in the Curro group took community outreach seriously when making 2016 a little easier for communities in need. With too many to share, some highlights included:

- Donating shoes to the needy
- Collecting plastic for a wheelchair/Land Service
- Raising funds for the Oncology Unit of the Red Cross Children's Hospital
- Saving the environment with Rhinos Beyond Borders
- Cupcakes for cancer
- Packing meals to feed 15 000 less fortunate people

Why invest in Curro?

Strong demand and potential for the product

Parents strive to give their children the best opportunities in life. Quality education is the most important of these. The government sector in South Africa has a significant backlog in the provision of schooling. New government schools are seldom built in rural and under-developed areas, where the greatest need exists, and it is unlikely that the private sector will get involved in these areas. Newly developed middle and upper-income residential areas seldom receive a new government school. Consequently, this huge demand puts significant pressure on capacity at existing schools in the latter areas, with no learner being denied access unless numbers have reached the 40 learners per class cap.

Curro believes the above-mentioned challenges provide 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	–
Assumed average number of learners	2.0	15%
Number of learners who can afford some form of independent schooling	2.3	18%[2]
Global average number of learners in independent schools	1.7	13%[3]
Number of learners in independent schools in South Africa	(0.5)[1]	
A possible market potential	1.5	
Required number of schools at an average of 1 500 learners per school	991	12%

References

[1] 2016 School Realities (published September 2016) www.education.gov.za
[2] Learners in LSM9+
[3] United Nations Educational Scientific and Cultural Organisation (UNESCO)

Curro estimates, on the basis of the facts above, 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. This does not take into account future population and economic growth.

Curro's vision is to have an estimated 80 campuses or 200 schools as it moves into 2021 – a growth of an additional 26 campuses from the existing 54 campuses. Despite the substantial growth envisioned, Curro's market share will still only represent approximately 3.3% of the total current market.

Competitive advantages

Curro has developed significant competitive advantages, with the most notable being:

- The development of a trusted brand, built on a long track record of academic excellence since 1998;
- Models for independent schooling at the different price points;
- Efficient campus design, development and funding methodology. More than R120 million is required to construct a new campus accommodating 1 500 learners;
- A maturing portfolio of schools, with the majority being cash generative. The start-up phase of a new school requires substantial financing given the high fixed cost component, and it may take up to five years to generate free cash flow; and
- Learners are usually loyal to the schools they attend.

Other advantages that will benefit the business into the future are:

- Affordable available land that Curro has or is in the process of acquiring;
- Accreditation with Umalusi and registration with the Department of Education mean Curro is a recognised entity that is trusted by the regulatory stakeholders; and
- Development of curriculum support materials that are used in all its schools.

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

- A school is a very predictable business. Once enrolled, the majority of learners will attend the same school throughout their school career.
- 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 70% of 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

- As at January 2017, Curro had 47 589 learners, 20 000 (42%) more learners than the second biggest domestic, for-profit independent school group.
- Globally, Curro is among the 10 largest for-profit school groups based on learner numbers.
- Curro has invested R5 billion in facilities over the past four years and will invest up to a further R2 billion in 2017.
- Curro's potential market increases as a result of its range of products across different price categories.
- Curro provides independent schooling for as low as R1 500 per month, which compares very favourably with ex-model C government schools.
- More than eighty-two per cent of Curro's learners pay on average less than R4 400 per month for schooling, with 30% paying less than R2 200 per month.

Significant skills and experience

- Curro has a highly dedicated and experienced management team with a proven track record of value creation.
- Curro's in-house design and project management team has, over the years, developed a standard costing approach that 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 that adapt to the way that children learn in our modern society.

Geared for growth

- Curro currently utilises 70% of built capacity and 52% of eventual capacity, implying a revenue growth potential of 70% (based on 85% of eventual capacity filled), with very limited requirements for additional capital investment or increased operational expenses.
- Curro has a strong, supportive shareholder of reference and shareholders and funders who 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.
- Curro has completed a campus at Waterfall in Midrand and Johannesburg (capacity 1 600 students) and acquired a campus at Montana in Pretoria (capacity 1 000 students) that will be ready for a full intake of students at the beginning of 2018.
- A new larger site in Durban to accommodate 2 600 students is to be completed in 2017.

The Institute for Higher Education will soon offer a number of new accredited courses, diplomas and degrees that will include BSc, BCom and BA degrees. The company is also converting and registering its campus-based courses into distance learning offerings.

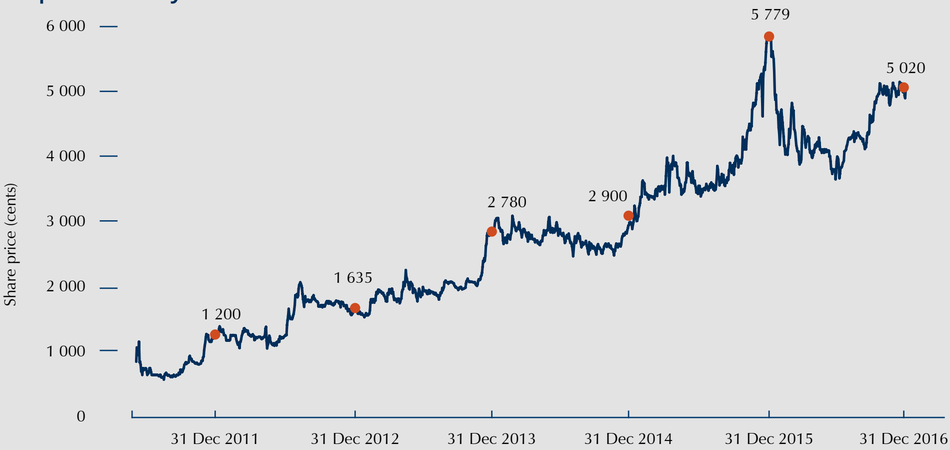
Curro and BAISAGO University have mutually agreed not to implement the transaction that was announced on SENS on 21 November 2016 and to put further discussions on hold until some time in the future.

As a result of the expanded vision for tertiary education and the requirement for focus on this different business model, a separate management team has been in place at the Institute for Higher Education for the past six months. The tertiary-education business will be unbundled from Curro and listed separately on the JSE in 2017.

Curro schools promote a love of the arts.

2.8 Shareholder statistics

Share price history



Shareholder structure

PSG | Other shareholders | Institutional investors | BEE | Directors

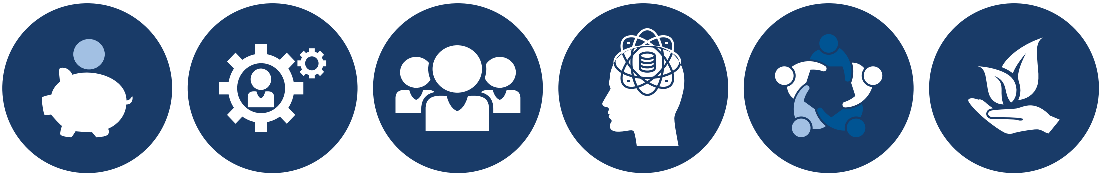
Listing information

JSE share code	COH
Sector	Consumer services – retail
Subsector	General retailers

Stock exchange performance

For the years ended	2013	2014	2015	2016
Market price – High (cents)	2 955	3 095	5 999	5 800
Market price – Low (cents)	1 379	2 405	2 715	3 500
Market price – Close (cents)	2 780	2 900	5 779	5 020
Market price – Average (cents)	1 902	2 679	3 788	4 339
Volume of shares traded (million)	22	26	39	98
Value of shares traded (R million)	425	709	1 485	4 162
Volume/weighted average number of shares (%)	8	8	11	25
Market capitalisation (R million)	8 195	9 442	20 623	20 439
Price-earnings ratio at year-end	216	171	205	114

Curro schools are designed to stimulate learning, inside and outside the classroom.



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

Inputs and activities	Outputs and outcomes
Financial capital Curro's sources of financial capital include shareholder equity, internally generated cash flows and debt. The group uses its financial capital to maintain and improve existing campuses, develop new campuses, develop the curriculum, acquire schools and cover its operating costs. Financial capital is also invested in the continuous training and development of its 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 Curro to grow its stock of productive capital.	During the 2016 financial year the group generated cash flow of R481 million through operations, raised R1 722 million by way of equity issues and increased its debt funding by R50 million. This financial capital was used for: • Capital investment in existing and new campuses (R1 700 million) • Net finance costs to providers of capital (R69 million) Curro's number of campuses has increased to 54 (Jan 2016: 47) and its number of schools has increased to 127 (Jan 2016: 110). Further information is available in the financial review on pages 42 to 51.
Productive/manufactured capital Curro's campuses, curriculum and educators form the heartbeat of its productive capital. The quality and uniqueness of its curriculum is a key differentiator for Curro's business and its focus on the continuous development thereof. Growing its stock of productive capital requires the investment of financial capital.	Curro invested • R571 million in existing campuses • R649 million in new campuses • R266 million in acquisitions • R214 million for the expansion of the Institute for Higher Education to accommodate growth in learner numbers and improvement of facilities. Investment in the development of the curriculum amounted to R28 million. Further information is available in the financial review on pages 42 to 51.
Human capital Human capital includes educators' skills, experience and ability to engage their learners in all domains of learning. Curro's educators are the primary interface with its learners and parents and their motivation and competence are key determinants of the group's future success and sustainability. Curro invests financial capital to employ and develop human capital through continuous professional development, providing appropriate remuneration and incentives and keeping its employees safe and healthy by ensuring that its facilities comply with the Occupational Health and Safety Act No 85 of 1993, as amended (OHASA).	Curro has 4 990 employees, which includes 2 734 educators. The number of employees increased by an average of 26% per year since 2013. Its average learner/educator ratio of 17 contributes to productive capital in the education of its learners. During the 2016 financial year Curro invested R936 million in the remuneration of its employees, which includes a share incentive scheme to incentivise and retain key employees and management. The company's Centre for Curriculum Management and Delivery (CCMD), ensures that its educators receive continuous training and development. Through its Institute for Higher Education, educators can continue their tertiary education, which is sponsored by Curro. The investment in human capital has a positive impact on Curro's productive capital and also ensures that it nurtures its intellectual capital. The detailed demographics of Curro's employees are contained on page 41 of this report.

Inputs and activities	Outputs and outcomes
Intellectual capital Curro's intellectual capital includes its brand, its information technology systems, its curriculum development, its investment in governance structures to ensure that it maintains best practice corporate governance, and its ability to ensure that its campuses are all aligned with the group's strategic objectives and business model. The company's brand is one of its most valuable assets and Curro relies on its employees to protect and appropriately represent the brand. Curro's executive management team collectively has more than 60 years' experience and a significant knowledge base in selecting, developing and managing schools.	The skills of Curro's management team have allowed the group to take advantage of growth opportunities. The company's commitment to best-practice corporate governance contributes to strengthening the brand and reputation. Curro has a continuous drive to improve its information technology systems to support 21st century teaching and learning and increase the capacity of its corporate systems. Its in-house architect and new business development team ensure that the facilities stay on par with the latest global design and development trends in order to contribute to the learning environment.
Social and relationship capital The group actively manages the stakeholder relationships on which the business depends, including those with its clients (learners and parents), its business partners, government and regulators and communities.	Each school has an upliftment project/s relevant to the community in which the school is located and this project also forms part of education for its learners to be responsible corporate citizens. These projects typically involve the learners, parents, employees and, where relevant, the companies that sponsor projects. Curro also contributes financially to these projects. Parent representation is formalised through parent advisory committees (PACs) at school level. This body enables and strengthens communication to the benefit of the school and its learners. Curro contributed R43 million to corporate social investment and bursaries for the year ended 31 December 2016. The group regularly engages 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 Curro's operations on the environment is relatively low, the group continuously focuses on minimising negative effects on the environment.	**Energy usage** Energy-saving techniques are implemented when constructing a new school. Energy-efficient lighting and motion sensors are introduced at all schools. In 2009 Curro decided to use terminals in its computer laboratories and not personal computers 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. This ensures that the outcomes thereof are taken into account when a site is evaluated for construction of a school and appropriate measures are incorporated during the design phase.

2.10 Stakeholder engagement map

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 term is significantly impacted by the quality of its relationships with its stakeholders and therefore the group actively engages with stakeholders, understands their concerns and addresses these as comprehensively as possible.

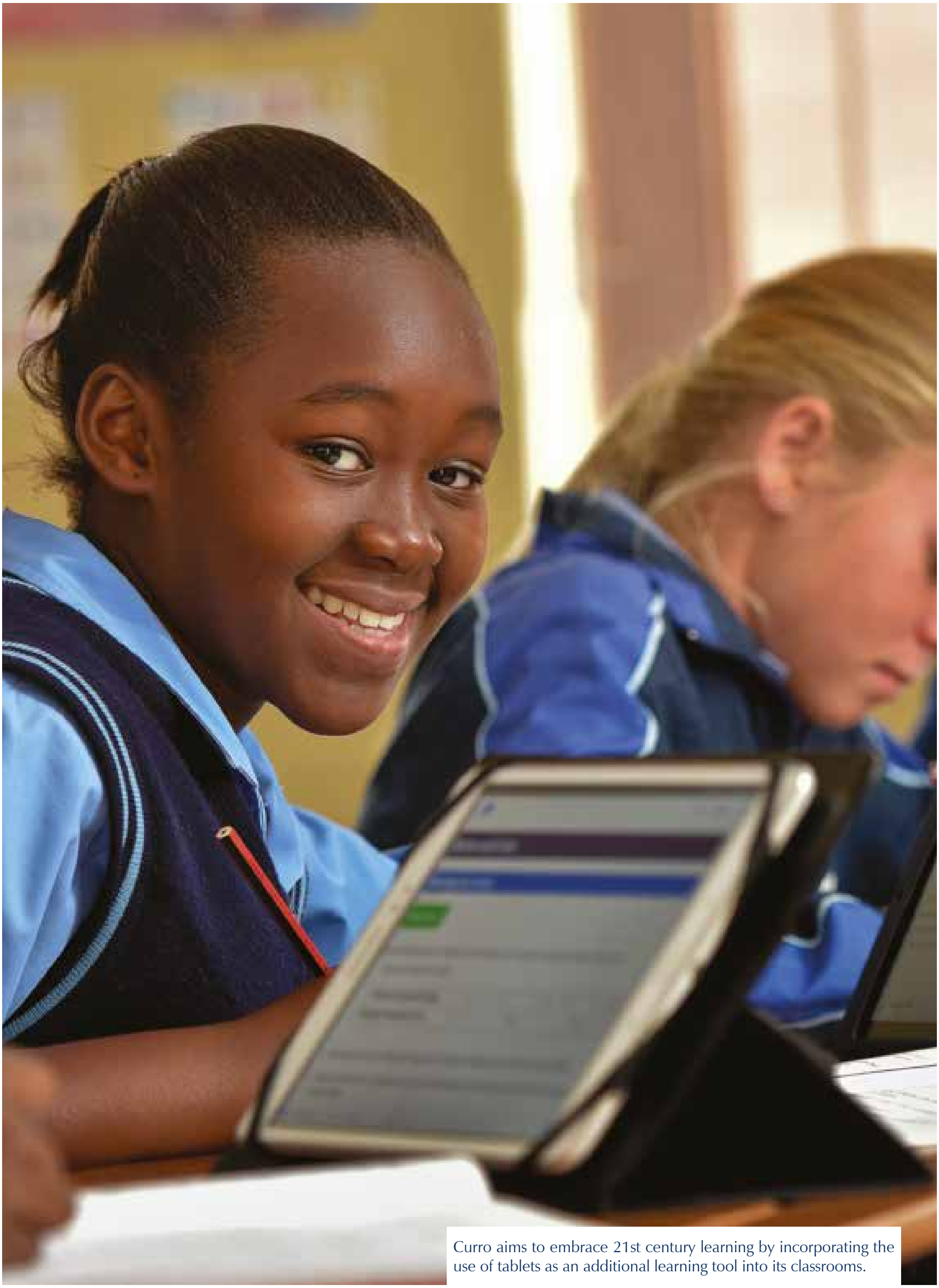
STAKEHOLDER ENGAGEMENT – Current issues and solutions

Areas of interest	Stakeholder	Curro's response
Is a target of 80 000 to 90 000 learners as Curro moves into 2021 still attainable?	**Shareholders and analysts**	Curro continues to maintain strong momentum and remains positive about attaining its target moving into 2021. Curro started 2017 with 127 schools, compared to 110 schools at the beginning of 2016 – a 15% increase. This aligns with the goal of approximately 80 campuses or 200 schools as Curro moves into 2021, which should lead to enrolments of approximately 80 000 learners by the end of the 2021 financial year.
Does Curro comply with the prerequisites of Curriculum Assessment Policy Statements (CAPS) on educator/learner ratios and the criteria of sound school governance, leadership and management?	**Umalusi**	Curro has a close relationship with Umalusi and they regularly discuss the concept of excellence in schools. Curro strives to attain all its objectives, has its schools accredited with Umalusi and reports to Umalusi about particular areas that still need to be developed in the group's newly built schools. Umalusi has visited a number of Curro's schools and no material deficiencies have been identified.
Is the general quality of Curro's infrastructure in line with industrial standards?	**Municipalities**	Curro's professional team meets regularly with the local municipalities to discuss the impact of its development of campuses on the local environment, and mutual planning takes place on a continuous basis. This attitude is reinforced by complying with local authorities' building requirements (i.e. including approved building plans) and ensuring that occupancy certificates are in place for all Curro buildings.
What is Curro's policy regarding a suitable debt/equity ratio?	**Funders**	The group aims for a 50/50 debt/equity ratio. It also fixes interest rates on large portions of its loans so that the risk of having to escalate school fees disproportionately is mitigated.
Complying with key covenants: - Interest service coverage ratio of 1.75 times (excluding Meridian debt) - Loan to value ratio of at least 1.3 times	**Funders**	Curro's interest service coverage ratio stood at 3.2 times. The loan to value ratio exceeded 2 times.
Is there any threat that Curro will escalate its school fees unrealistically?	**Parents**	Curro's model is based on an annual escalation of 2% above consumer inflation. Unless consumer inflation escalates beyond expectations, Curro should not deviate from the said trend in school fee escalation.

Areas of interest	Stakeholder	Curro's response
Is my child receiving quality education?	**Parents**	This area of interest should be addressed through the written curriculum that is taught by qualified educators (accredited with the South African Council for Educators) who are continuously developed through a combination of Curro's Institute for Higher Education and the CCMD, which is under the strong leadership of experienced educators. Various other measures, such as Curro's brand, its long-standing track record and its excellent matric results, also support confidence in its quality service offering.
Are we receiving a written curriculum that is still relevant?	**Learners**	Curro's CCMD conducts ongoing research into curriculum innovations. Best practices are communicated to Curro employees regularly and they are trained to implement new written curricula.
What can Curro do to ensure a safe and stable working environment?	**Educators**	Curro has good security protocols that endeavour to keep its campuses safe. The group also protects its educators' rights by means of service contracts, which are regulated by labour law. Furthermore, Curro believes 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**	The group utilises four main contractors to build its schools. Every supplier in South Africa and abroad is welcome to approach Curro to be considered for future contracts.
Do all Curro schools comply with the prerequisites of local government?	**Departments of Education**	One may not operate an independent school if it is not registered with the local Departments of Education. These departments have specific criteria that 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% was black and 36% was white for 2016. The company has an employment equity plan on which it reports annually. Refer to page 41 for employee statistics. Eighty-one per cent of the students who studied at Curro's Institute for Higher Education in 2016 were from designated groups. A dedicated transformation committee has been formed to monitor and guide transformation within the group.

2.10 Stakeholder engagement map

Areas of interest	Stakeholder	Curro's response
Is Curro JSE compliant?	**JSE Limited**	Curro's corporate sponsor, PSG Capital, monitors its compliance regularly in order to ensure JSE compliance. In accordance with the JSE Listings Requirements, the board submits its annual compliance certificate timeously.
How does Curro protect its organisation from the communication of incorrect facts?	**Media**	Through its designated team, Curro supplies the media with facts in writing so that any doubt regarding the accuracy of reporting is minimised. Curro has good relationships with the media and invites a variety of journalists locally and abroad to liaise with the group whenever it communicates financial and academic results.
Why list the tertiary business separately?	**Shareholders**	At listing, Curro was an independent school company with a target of reaching 80 campuses by 2020. Due to the focus of the management team, significant progress has been made towards reaching this target. Curro believes that the tertiary-education business also has significant potential to achieve a goal of 100 000 (resident and distance learning) students. A dedicated management team will assist in reaching this ambitious goal. Although both businesses are related to education, there are significant differences and splitting them will ensure focus by the respective management teams and provide shareholders with the opportunity to balance their exposure.
What will Chris van der Merwe's role be after 1 July 2017 when he steps down as CEO and becomes a non-executive director of Curro?	**Shareholders**	Chris van der Merwe, the founder of Curro, has played a significant role in establishing and building the business to where it is today. Although he will step down as CEO of Curro, Chris will remain involved as a non-executive director and as a strategic adviser to Curro. He will attend the investment exco and other strategic meetings from time to time, providing strategic input. In order to drive the growth of the tertiary-education business, Chris will continue in his role as chairperson of and strategic adviser to this business.
What is Curro's policy and principles regarding remuneration?	**Shareholders**	Curro has provided details regarding its remuneration philosophy, related practices and policy on pages 60 to 63 of this report.



Curro aims to embrace 21st century learning by incorporating the use of tablets as an additional learning tool into its classrooms.

Leadership

The Curro leadership team consists of its board of directors, the investment exco, exco (operations), senior management (regional heads and relevant exco administrative structures) and the executive heads at the schools.

For information on the governance structure, refer to page 55, and for detailed information on the board's role, responsibilities and powers, and the length of service, refer to pages 56 and 59.

Key:
* 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 and Telkom Ltd, and as chairperson of Famous Brands Ltd. Santie has wide 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 extensive knowledge, is highly experienced in the independent school sector and has 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 127 schools accommodating 47 589 learners today. As at 1 July 2017, Chris will serve as a non-executive director and strategic adviser to Curro Holdings.

B (Barend) Petersen*

CA(SA)

Barend, a chartered accountant, has wide 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 chairperson of De Beers Consolidated Mines and is also a non-executive director of various companies, including Anglo American South Africa Ltd, De Beers PLC and Ponahalo Group. He is the chairperson of Sizwe Business Recoveries (Pty) Ltd (founded by him in 1997).

PJ (Piet) Mouton§

BCom (Mathematics)

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, after which 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 in 2009 and was appointed as CFO in 2011.

Dr SWF (Sibongile) Muthwa*

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

Sibongile has international business experience in the non-government, development and public sectors, as well as experience in the academic world. Currently she is the Deputy Vice Chancellor: Institutional Support at the Nelson Mandela Metropolitan University. Sibongile is a non-executive director of the University Sports Company (Pty) Ltd and is a commissioner of 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 in Southern Africa

KK serves as non-executive director of various listed and unlisted companies, including the PSG Group Ltd., and is also the chairperson of Pioneer Food Group Ltd. He has extensive 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. He subsequently worked at Sasko (a division of Pioneer Food Group Ltd), Distell Ltd and PricewaterhouseCoopers. In 2000, he joined Media24 Ltd's ICG (brand names include INTEC, Damelin) as financial director, after which he was promoted to financial director of Educor (Pty) Ltd (Educor). In 2006, Educor bought a 25% stake in Curro, where Andries, together 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 that of COO. As at 1 July 2017, Andries will succeed Chris as the Curro CEO.

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 Media24 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.

EXCO MEMBER (NON-DIRECTOR)

S (Samara) Totaram

CA(SA), CFA

Samara, a chartered accountant, completed her articles with Deloitte & Touche and 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, mergers and acquisitions and general corporate finance consulting. In October 2010 she joined Thembeka Capital Ltd and was appointed their managing director in 2013. Samara joined Curro in October 2014 as the CEO of the Meridian venture and is also a member of the Curro exco. Subsequent to year-end, she transferred to the tertiary-education business of the Curro group as its chief financial officer.

For further information on the role of the exco, refer to page 57 of this report.

COMPANY SECRETARY

R (Ronell) van Rensburg

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

Ronell, Curro's company secretary since 2013, is an FCIS charter holder. Ronell has more than 15 years' experience in the governance and company secretary arena in various industries such as banking, manufacturing, retail, information technology, the public sector and investment and financial services.

For further information on the role of the company secretary, refer to page 58 of this report.

Curro learners are encouraged to explore and express their individuality within acceptable boundaries, and ultimately take responsibility for their actions.

3.2 Chairperson's report

Providing quality education to South Africa's children is not negotiable.

Dear Stakeholders

I am proud to present the annual integrated report for Curro Holdings Ltd for 2016. The report covers a year that, according to numerous accounts, was a difficult one. The results reflect Curro's resilience, strength and efficiency in the face of adversity. On behalf of the board, I would like to express our gratitude for and delight with the fact that our 2016 Curro matric learners achieved excellent results. These results bear testimony to the values, mission, and vision that drive Curro.

As this report shows, there are other pertinent testimonies. During the 2016 financial year, Curro's revenue improved by 27% to R1.76 billion (2015: R1.38 billion), while profit after tax (PAT) rose by 83% to R167 million (2015: R92 million). Headline earnings per share (HEPS) grew by 55% to 43.9 cents per share (2015: 28.3 cents).

At the close of the 2015–2016 financial year we were operating 115 schools on 49 campuses. This year we invested R571 million in the expansion of existing campuses by adding classrooms and cultural and sports amenities, and invested another R763 million in the construction of nine new campuses. We currently have 127 schools on 54 campuses across the country. If this is how we respond during the tough times, I have no doubt we shall reach our 2020 target.

We currently have 47 589 learners and continue to create value for all our stakeholders and shareholders. The demand for quality education provided by Curro will continue to see these numbers increase. For parents, the Curro brand is that of a recognised and trusted educational institute that offers good value for money. We intend to continually enhance and improve that value offering.

Our practical achievements, measured in hard facts, are of course the result of much more than simply adding up the numbers. These results are built on a commitment to innovation in the learning environment, a drive to ensure that Curro is at the vanguard of educational thinking, and a conviction that we must provide accessible education that will equip our learners for the future.

Educational innovation is driven by the CCMD team, which is tasked with, among other duties, developing and applying the latest trends in curriculum standards and the dissemination of this information to all our schools. Through the CCMD, we are able to monitor the quality of our academic standards and to ensure standardisation across our campuses. This is a crucial deciding factor for parents: they need to know, trust, and believe that no matter where they are, the Curro school in which they enrol their child will be of the highest standard.

The board recognises that Curro's success is a reflection of its outstanding leadership, which constantly challenges any signs of complacency. Such vigilance is essential if we are to remain the educational institution of choice. To support the continued growth, a number of organisational changes will be made at Curro as from 1 July 2017. Andries Greyling, chief operating officer, will succeed Dr Chris van der Merwe as chief executive officer. He will be assisted

Learners enjoy coming to school, where they acquire a love for learning that will sustain them throughout their school years.

by Bernardt van der Linde, who joined Curro in 2009 and was appointed as chief financial officer in 2011.

Dr Chris van der Merwe, founder of Curro, will continue to serve Curro as strategic adviser and non-executive director on the board as from 1 July 2017.

Johan Human, Embury's co-founder, will be the chief executive officer of the tertiary-education company. Samara Totaram, previously CEO of the Meridian venture at Curro and managing director at Thembeka Capital, is the chief financial officer of the tertiary-education company.

On behalf of the board, I thank Chris and his leadership team for an outstanding performance. I would also like to thank my fellow board members for their support, advice, and contributions during the year. The board and I especially thank our employees, managers, educators, suppliers, clients, learners, and business partners for their support, commitment and dedication.

As we look to the future, we know that we face serious challenges. Economic uncertainty and political instability will have an impact on all of us, but especially on our learners – providing quality education to South Africa's children is not negotiable.

We remain committed to sustainability and welcome the fact that independent education is becoming more competitive, and we encourage an educational environment that recognises and acknowledges the positive socio-economic impact that independent educational institutions have in our country.

Thank you

Santie Botha
Chairperson of the Board

3.3 Chief executive officer's report

The accelerated pace of change throughout the world means that our educational methodology should be more advanced than ever.

Greetings

Earlier this year, in my capacity as the CEO of a successful educational enterprise, I had the opportunity to address government and the business community. As a proud South African and concerned parent, I quoted former US President Jimmy Carter, who said that democracy, like life, is turbulent but made more valuable when tested by adversity.

In reviewing our annual integrated report I would say that, though we experienced challenges over the past year and were tested by adversity, we emerged stronger, more resilient, and more confident – which bodes well for Curro. The global trend for independent school numbers indicates that independent schools are moving towards making up 20% of the total number of schools. If South Africa follows this trend, significant potential exists for many more independent schools to be developed. Curro started the current year with 127 schools, compared to 110 schools at the beginning of 2016 – a 15% increase. This aligns with the goal of approximately 80 campuses or 200 schools as Curro moves into 2021, which should lead to enrolments of approximately 80 000 learners by the end of the 2021 financial year.

However, this is not just about the numbers. Curro Holdings was built on the conviction that education plays a vital role in our nation, one in which all South Africans have the opportunity to fulfil their potential. I firmly believe that our country is what we make of it and of our common goals: the development, progress, and sustainability of our people and the future success of our nation.

That is why, this year, I am exceptionally proud of the establishment of the Ruta Sechaba Foundation. The Ruta Sechaba Foundation was established in 2016 to provide scholarships, bursaries and awards to qualifying learners at Curro or Curro-managed schools. The PSG Group BEE Education Trust was the initial donor to the foundation, and together we hope to give young learners a chance to build a bright future.

Every single one of us at Curro is proud of the learning environment we have created in our institutions. It is our belief that schools are more than simply rooms in which to spoon-feed learners with information, subject them to bland examinations, dish out certificates to them, and then dispatch them into the world. The accelerated pace of change throughout the world means that our educational methodology should be more advanced than ever. Surveys indicate that between 65% and 75% of children entering school will be employed in jobs that do not exist today. As educators, our responsibility is to ensure that our learners are equipped for this uncertain future.

Curro sets the standards of excellence against which others will be measured and for that reason we constantly seek out and identify master educators who can raise our game and help develop and improve our facilities and opportunities for our learners.

By definition, education is a game changer. The blackboard – introduced into schools more than 200 years ago – and the internet – introduced only 20 years ago – were external game changers in education. Who knows what other game changers will appear in the future? However, our internal game changers are our shareholders and stakeholders. Game-changing behaviour requires critical thinking skills because innovative teaching is directly linked to original thinking, whether you are an educator, learner, or shareholder.

Furthermore, we have a responsibility to raise awareness throughout the country of the new demands on teaching and learning. We do this by exposing Africa's educators in the private and government sectors, academics, deans, prominent provincial leaders, FET colleges, business leaders, and the media to new methods.

To address the need for tertiary education, the Embury campus in Durban has been extended to enrol 2 600 students as from the start of 2018, compared to the current 1 273 students. The Waterfall Estate campus in Johannesburg has already received full accreditation to have an enrolment capacity of 1 600 students and is earmarked to be in operation by the end of 2017. Montana campus in Pretoria, with capacity for 1 200 students, has been accredited and should be ready for enrolment by mid-2017.

Curro anticipates having a future market of about 100 000 tertiary-education students. To enhance this vision, the board decided to supplement the existing Curro executive team with a separate team, occupying its own offices in Durbanville, Cape Town, to spearhead expansion into the tertiary-education market. This was done to retain Curro's focus on its school operations.

I am grateful to the board for trusting me to lead the next phase of our educational journey. I am excited to take up my new role as non-executive chairperson and strategic adviser to the tertiary-education company.

I will continue to coordinate Curro's schools and tertiary-education products to provide continuity for Curro learners progressing to the tertiary-education company in the future.

In closing I want to salute South Africa's educators – the true nation builders. We also thank the parents who support our educators in finding solutions – we know that the learners at schools in which parents and educators work closely together achieve greater success.

I am humbled by our board of directors' commitment to education and thank them for their guidance and leadership. In particular, I thank Santie Botha, our chairperson, whose compassion and wisdom continue to have a positive impact on the group.

Curro continues to position itself to ensure that it fulfils its mandate and vision to provide a quality, affordable education solution to its clients and an attractive growth and return to investors.

Thank you

Dr Chris van der Merwe
Chief Executive Officer

3.4 Strategic review and operating context

Curro's business model is simple to understand. The group operates 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. Taking advantage of the growth potential in the group's target market requires substantial investment and long-term planning. For more details regarding its competitive advantage as well as the market size and potential, refer to the Curro investment case section of this report on pages 20 and 21.

The risks relevant to the business range from reputational to curriculum, investment, financial, information technology, human resources, safety and economic risks. The details on the likelihood of and actions taken to mitigate these are set out in the risks and responses section of this report on pages 52 and 53.

Within this operating context, Curro has set a series of long-term strategic objectives and has 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	Priorities/ objectives	Key performance indicators	Outcomes FY16
Managing stakeholder value	• Setting a firm business aim • Being a responsible corporate citizen • Creating a stable and inviting workplace • Communicating regularly with Curro's key clients • Generating attractive returns for shareholders	• 200 schools as Curro moves into 2021 • Offering as many bursaries as Curro's business model can carry to talented, less-privileged learners • Developing neat, inviting and cost-efficient school campuses • Releasing a variety of digital and other publications, suited to the needs of key stakeholders • A PAC at every school • Increase in share price and payment of dividends	• Curro started the current year with 127 schools, compared to 110 schools at the beginning of 2016 – a 15% increase. This aligns with the goal of 80 campuses or 200 schools moving into 2021. • In 2016, Curro offered school-level academic and sports bursaries to the value of R42.7 million. The newly established Ruta Sechaba Foundation offered 130 bursaries for the 2017 academic year. • In 2016, nine campuses (17 schools) were developed and opened in 2017, in addition to a significant investment in the further development of other campuses. • Weekly, monthly and termly publications distributed to stakeholders. • Since listing, Curro has generated a compound annual growth rate in its share price of 41%. It aims to pay a dividend following the 2018 financial year.
Developing and maintaining a unique client service	• Focusing on client relationships • Enhancing networking among parents, learners and educators • Analysing annual client surveys • Providing appropriate supporting infrastructure to manage schools through information and technology systems • Effectively marketing Curro's product to build brand awareness	• Introducing open-door policies from executive heads and educators to enhance accessibility • Holding regular conferences throughout the year • Conducting an annual survey among parents • Formulating an information and technology strategy based on the strategic direction of the group • Promoting prominent advertising actions relevant to each individual campus (includes billboards and open days)	• Client service remains a primary priority throughout the various touchpoints within the group. In addition to the identified key performance indicators mentioned, a centralised contact point (engage@curro.co.za) has been set up to provide further client service support. • The main information and technology focus area for 2016 was the proactive technological support of the Curro business case. This was achieved by aligning stakeholder service level agreements with the business objectives. • We further developed our in-house school management system and improved our data warehouse to support the management of the business.

Rugby practice at the newly established Curro Waterfall.

Theme	Priorities/ objectives	Key performance indicators	Outcomes FY16
Driving sustainable growth	• Basing Curro's model on the concept of affordable independent school education • Securing enough school-zoned erven for future developments • Setting realistic annual business targets • Conducting ongoing research regarding actionable acquisitions • Securing sufficient financing pro-actively • Attracting and retaining quality educators and other employees	• Escalating school fees at 2% above consumer inflation per annum, taking the country's annual inflation rate into consideration • Expanding existing schools to their maximum designed capacity through capital investment and an effective marketing strategy • Maintaining and developing Curro's two-tier approach: Curro schools @ R3 700 per month on average and Curro Academies @ R1 150 to R2 600 per month • Consistently developing at a pace of 15 to 18 new schools (7 to 10 campuses) per annum • Ensuring at least one acquisition per annum • Acquiring at least five new school erven per annum • Ensuring an appropriate funding strategy to fund this strategic objective • Ensuring an appropriate recruitment and reward strategy is in place	In 2016 Curro managed to ensure alignment to its business plan. Key performance indicators have been taken into consideration.
Transformation planning	• Ensuring that all Curro schools strive to become demographically representative	• Implementing a group transformation committee • Adhering to an approved employment equity plan • Being closely aligned with the public sector • Investing in Curro's Institute for Higher Education, expanding its product offerings and including distance-learning programmes	Within Curro, transformation is a journey with a vision of doubling the representation of educators and management from historically disadvantaged backgrounds to 30% in 2020 from 14.4% in 2016. Curro understands that education plays an important role in empowering individuals and redressing the inequalities that are a result of the country's past. As part of this commitment, Curro adopted a transformation charter in 2016 and approved the appointment of a transformation committee that will advise and provide the board with appropriate recommendations. The transformation committee crafted a plan with set targets aimed at improving integration at Curro with the 2020 transformation vision in mind. Please refer to pages 40 and 41 more information.
Curriculum innovation	• Conducting ongoing research and development to seek best practices and to keep Curro's service competitive	• Ensuring that the CCMD stays focused on literacy development, coding activities, tablet research, further development of Curro's IT (Information Technology) curricula, systemic testing systems, Mathematics teaching methodologies, Science and Technology education, Engineering, and Entrepreneurship as subjects	A number of key strategic initiatives were undertaken to ensure aligned quality in curriculum delivery throughout the group.

Curro's success in achieving these objectives is measured on the basis of:

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

Curro's continuous transformation journey

*Growth in the number of historically disadvantaged individuals (group-wide)

TOTAL WORKFORCE		Year		MANAGEMENT AND EDUCATORS
In 2011, when Curro listed on the JSE, historically disadvantaged employees made up 5% of the total workforce.	5%	2011		
In 2014 Curro had approximately 3 000 employees and the number of historically disadvantaged staff in the group had increased to 33.6%.	33.6%	2014	7.6%	In 2014 the teaching personnel and management from historically disadvantaged groups made up 7.6% or an equivalent of 128 individuals from a total of 1 695 educators and management in the Curro group.
Of the 3 969 employees in 2015, historically disadvantaged individuals made up 36.5%.	36.5%	2015	11.5%	In 2015, historically disadvantaged individuals made up 11.5% of the educators and management workforce, out of a total of 2 171.
In 2016 this number had grown further to 39.0% of the total number of 4 806 employees.	39.0%	2016	14.4%	In 2016 educators and management from historically disadvantaged groups grew to 14.4% of a total of 2 468. Of this, 72.3% was made up of educator assistants and interns.
Increase the total black staff component of general Curro staff to 50% in 2020.	50%	2020	30%	Increase the total black staff component among educators to 30% in 2020.

In 2015 approximately R2 million was invested in diversity training workshops throughout Curro, focusing on learners, parents and educators. This programme continued in 2016. For more information on transformation, refer to page 39 and the following tables.

* Acquisitions can have a positive or negative impact on the transformation figures.

Employee statistics as at 31 December 2016

	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	5	1	1	–	1	1	49	21	56	23	79
Middle management	10	15	1	12	5	7	55	132	71	166	237
Total management	**15**	**16**	**2**	**13**	**6**	**8**	**108**	**153**	**131**	**190**	**321**
Employee category %	*4.7*	*5.0*	*0.6*	*4.0*	*1.9*	*2.5*	*33.6*	*47.7*	*40.8*	*59.2*	*100.0*
Total management %	*0.3*	*0.3*	*0.0*	*0.3*	*0.1*	*0.2*	*2.2*	*3.2*	*2.7*	*4.0*	*6.7*
Skilled technical and academically qualified employees	125	256	6	60	19	71	388	1 507	538	1 894	2 432
Semi-skilled and discretionary decision-making employees	116	378	–	15	14	179	36	713	166	1 285	1 451
Unskilled and defined decision-making employees	244	268	1	1	18	45	15	10	278	324	602
Total non-management	**485**	**902**	**7**	**76**	**51**	**295**	**439**	**2 230**	**982**	**3 503**	**4 485**
Employee category %	*10.8*	*20.1*	*0.2*	*1.7*	*1.1*	*6.6*	*9.8*	*49.7*	*21.9*	*78.1*	*100.0*
Total non-management %	*10.1*	*18.8*	*0.1*	*1.6*	*1.1*	*6.1*	*9.1*	*46.4*	*20.4*	*72.9*	*93.3*
Total employees	**500**	**918**	**9**	**89**	**57**	**303**	**547**	**2 383**	**1 113**	**3 693**	**4 806**
Total employees (%)	*10.4*	*19.1*	*0.2*	*1.9*	*1.2*	*6.3*	*11.4*	*49.6*	*23.2*	*76.8*	*100.0*

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*

Notes:
M = Male
F = Female

Key statistics

	2013	2014	2015	2016	YOY growth	4-yr CAGR
Number of campuses	26	33	42	49	17%	24%
Number of learners	21 027	28 737	35 970	43 183	20%	27%
Revenue (R million)	659	1 001	1 384	1 761	27%	39%
Employee costs	386	550	738	936	27%	34%
Other expenses	159	259	354	439	24%	40%
EBITDA (R million)	114	192	292	387	33%	50%
Headline earnings (R million)	37	56	100	169	69%	66%
HEPS (cents)	12.8	17.2	28.3	43.9	55%	51%
Average share price (R)	19.02	26.79	37.97	42.69	12%	31%

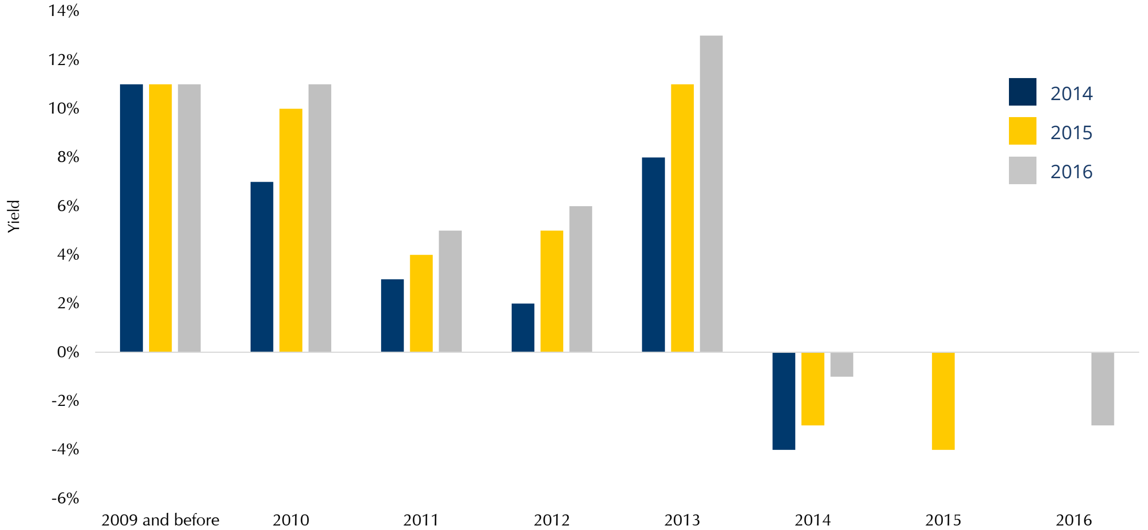
Curro's financial strategy is to develop school campuses across South Africa that will deliver attractive investment returns. To achieve this, the following is required (in order of importance):

- Demand from learners
- Growth in school fees
- Reasonable cost of development (cost of land)
- Management of costs
- Improvement in efficiencies

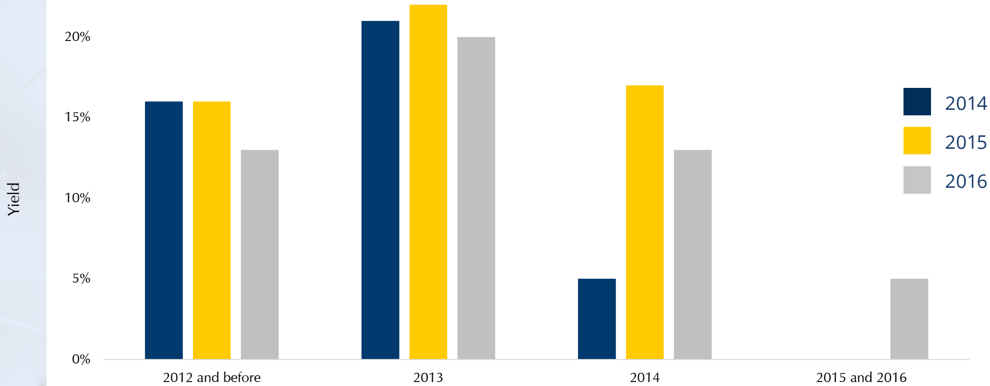
Investment returns

The company measures itself against the yield that its investment delivers over time. The yield is calculated by measuring the earnings before interest and tax (EBIT) over the revalued fixed assets. Fixed assets are revalued by increasing the book value with inflation (7%) since the inception of the school.

Developed schools



Acquired schools



Curro's aim is to achieve EBIT yields of more than 20% at the maturity of the campus (when occupation exceeds 85%). This usually occurs after seven years, depending on the location of the campus (urban vs. rural). (Refer to the J-curve table on page 48 for the details on occupation of capacity.)

In 2009 and 2010 schools had a maximum of 20 learners per class, so their returns are somewhat lower.

Schools in urban areas deliver higher yields as a result of higher learner numbers and higher school fees. Rural schools with lower learner numbers will take longer to achieve an acceptable yield and some may struggle to achieve the desired 20% yield at maturity.

On the traditional balance-sheet measures of return, Curro has also made progress towards its target. Increasing debt for expansion over time will increase the return on equity.

Investment returns	**Dec 2013**	**Dec 2014**	**Dec 2015**	**Dec 2016**	**Target**
Return on assets (EBIT/average fixed assets)	3.90%	4.20%	4.80%	5.06%	15%
Return on equity	1.20%	2.00%	3.80%	4.20%	20%

Campuses and schools

	Campuses					**Schools**				
Growth in campuses and schools	***2015***	**Absolute growth**	***2016***	**Absolute growth**	**2017**	***2015***	**Absolute growth**	***2016***	**Absolute growth**	**2017**
Curro	*33*	7	*40*	1	41	*83*	14	*97*	6	103
Curro Academy	*2*	-	*2*	2	4	*4*	-	*4*	4	8
Meridian	*6*	-	*6*	-	6	*13*	-	*13*	-	13
Institute for Higher Education	*1*	-	*1*	2	3	*1*	-	*1*	2	3
Total	***42***	**7**	***49***	**5**	**54**	***101***	**14**	***115***	**12**	**127**

In 2016, the following four new campuses were opened:

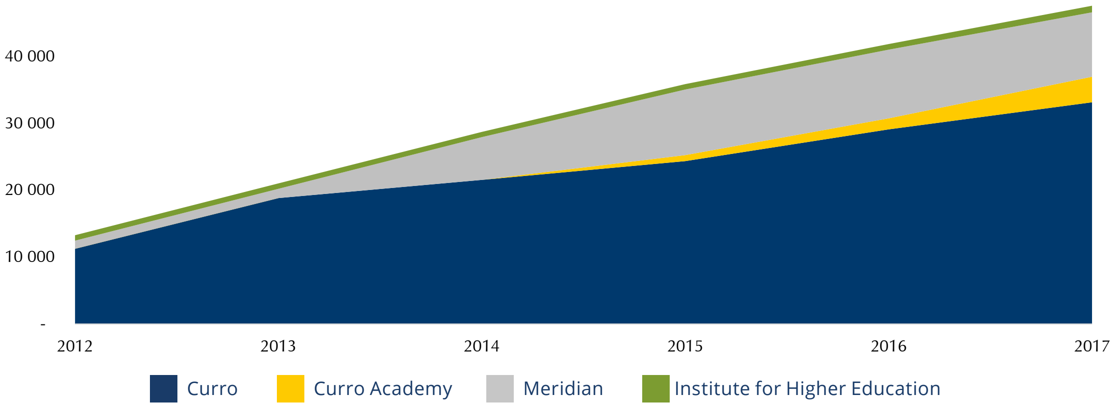
- Standalone Curro Castles at Bryanston and Douglasdale.
- A Curro Castle at Waterfall Estate, with a primary school that opened in 2017.
- Curro Sitari, where a Castle and primary school were opened. The high school will be constructed in 2017.

The total cost of the investment in these schools was about R360 million, or an interest cost of roughly R36 million, with an EBITDA loss of R1 million. The new schools that opened in 2016 had a headline earnings per share drag of 6 cents per share.

Three campuses or eight schools were also acquired:

- Windhoek Gymnasium, comprising a pre-primary, primary and high school.
- Building Blocks, a pre-primary and primary school.
- Klerksdorp, with a pre-primary, primary and high school.

Learner numbers by brand



Learner numbers	Jan 2015	Absolute growth	Jan 2016	Absolute growth	Jan 2017	YOY growth
Curro	*24 361*	*6 060*	*29 112*	*4 046*	33 158	14%
Curro Academy	*990*	*1 125*	*1 633*	*2 163*	3 796	132%
Meridian	*9 797*	*10*	*10 279*	*(622)*	9 657	(6%)
Institute for Higher Education	*822*	*18*	*840*	*138*	978	16%
Total	***35 970***	***7 213***	***41 864***	***5 725***	**47 589**	**14%**

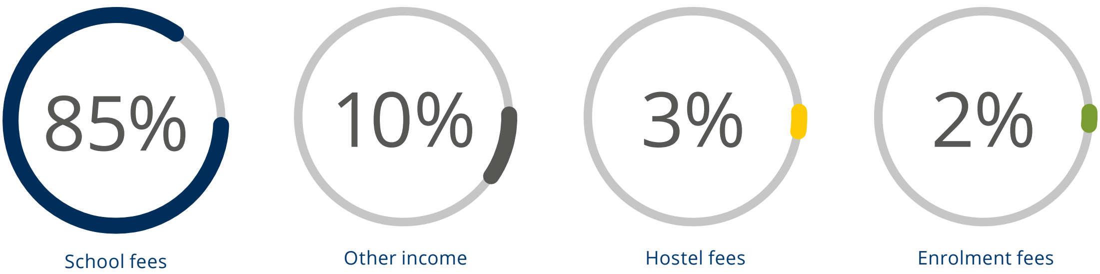
Learner numbers grew well at Curro schools, in line with previous years. The Curro Academy schools showed exceptional growth and the company believes there is a good place in the market for these lower-priced schools in urban areas.

Meridian, with a mostly rural footprint, had learner numbers that remained stable over the past two years. Management changes were effected at three of the six campuses and the company is looking forward to better growth in 2018.

School fees and other income

Curro aims to provide value-for-money education. It has products across the various price ranges. (Refer to page 7 for an overview of the group's products and school fees.)

Revenue mix



Other income comprises items like bus fees, aftercare fees, levy and rental of school facilities, among other things.

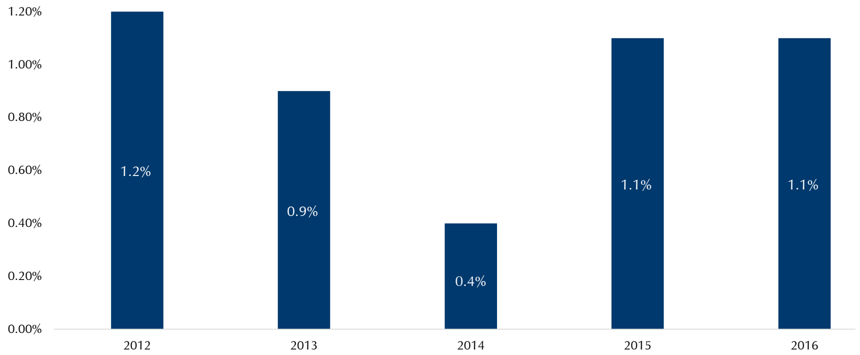
Average school fees per learner

(R '000)	2013	2014	2015	2016	YOY growth	4-yr CAGR
Curro	25.3	35.4	41.6	44.8	8%	21%
Curro Academy			21.1	22.2	5%	
Meridian	14.3	17.9	16.3	18.4	13%	9%
Institute for Higher Education	40.0	43.8	47.4	52.4	10%	9%
	23.7	**31.8**	**34.3**	**37.7**	**10%**	**17%**

School fees have on average increased by 9.5%. Due to a mix effect, there may be variances from year to year per brand. If acquisitions and new schools that opened in 2016 are excluded, the average increase in school fees per learner amounted to about 11.2% as a result of the mix effect, where higher grades have higher fees than lower grades.

School fees are considered on a school-by-school basis, taking into account competitors and economic circumstances in the area. Overall, Curro schools still offer significant value for money compared to other schools, and the company believes that above-inflation increases in school fees are still reasonable for the foreseeable future.

Net bad debts as % of revenue



The net bad debts percentage has remained consistent from 2015 to 2016 and is acceptable at under 1.5%.

Prepaid school fees

Parents are incentivised to prepay school fees by being offered a 5% discount if their total annual school fees are paid by January of the relevant year. From December 2015 to 2016 the prepaid school fees increased by 64% to R171 million.

Development

(R million)	2014	2015	2016
Current campuses	651	646	571
New campuses	482	369	649
Acquisitions	172	15	266
Institute for Higher Education	–	–	214
Total investment	**1 305**	**1 030**	**1 700**

At the beginning of 2016 the planned investment was around R2 billion. At the end of 2016, the actual investment was lower at R1.7 billion, due to land banking of roughly R200 million of some sites that will only be finalised in the future, and the approval for the development of the Embury Campus in Durban taking longer than anticipated. This will only be completed in 2017.

Management of costs and improving efficiencies

Curro's model is highly operationally geared and utilising capacity is important. It is a key focus for management to consider improvements, taking into account automation of processes and more efficient use of resources, with its educators being the most significant resource.

Salaries

Learner numbers	**2013**	**2014**	**2015**	**2016**	**YOY change**	**CAGR change**
Total staff costs (R million)	386	550	738	936	27%	34%
Staff costs as % of turnover	59%	55%	53%	53%		
No. of staff	2 387	3 128	3 969	4 806	21%	26%
Average cost per employee (R '000)	162	176	186	195	5%	6%
No. of educators	1 593	1 905	2 339	2 595	11%	18%
Learner/educator ratio	**13**	**15**	**15**	**17**	**8%**	**8%**

Salary increases were 7% overall, but there were higher ad hoc adjustments, especially for lower-paid staff. The average increase per employee was lower due to a change in the mix. When the schools are established, the core team of employees are on average more expensive than subsequent appointees.

The average learner/educator ratio saw an improvement of 8%, in line with the trend over the past four years. The increase in the total number of staff is mainly as a result of additional assistants being deployed in the pre-primary phases.

Managing the employee cost will be the main driver for margin improvement on the expense side. A challenge that remains is the accurate forecasting of learners for the next year in order not to appoint excess educators.

The company expects further improvement in staff costs as a percentage of revenue in the future.

Other expenses

(R million)	**2013**	**2014**	**2015**	**2016**	**YOY growth**	**4-yr CAGR**
Facilities	45	92	103	125	21%	41%
Curriculum, sports and culture	20	29	39	50	27%	35%
IT expenses	8	16	28	41	44%	69%
Hostel	7	22	28	30	8%	60%
Printing and stationery	12	18	31	29	(7%)	34%
Gross bad debts	6	6	16	24	48%	58%
Administration	8	11	14	19	38%	32%
Marketing	6	9	11	17	52%	39%
Other	45	56	82	104	26%	32%
	159	**259**	**354**	**439**	**24%**	**40%**

Facilities comprise all municipal costs and maintenance. Facilities have exceeded revenue growth over the past four years on an annual compounded basis. Rates and taxes increased by 62% and electricity by 45% on a compounded basis.

IT costs were higher as a result of increasing capacity due to greater use of technology. Marketing expenses are also increasing to improve enrolments and capacity utilisation.

Gross bad debts of R24 million were off-set by R5.1 million in bad debt recoveries, with the net bad debts amounting to R18.5 million.

Other expense weights

Head office expenses

(R million)	2013	2014	2015	2016	YOY growth	4-yr CAGR
Income	(2.5)	(2.6)	(3.0)	(2.3)	(23%)	(3%)
Staff costs	25.3	35.9	47.7	54.0	13%	29%
Share Incentive Trust costs	5.5	8.1	11.5	14.3	24%	38%
Other expenses	12.7	28.6	33.8	44.0	30%	51%
Total	**41.0**	**70.0**	**90.0**	**110.0**	**22%**	**39%**
As % of revenue	6.2%	7.0%	6.5%	6.2%		

With respect to head office costs the operational gearing is evident in the staff costs, as these are increasing significantly more than revenue. The other costs mainly comprise costs to the outsourced HR provider, travelling and marketing, which will increase more in line with the growth in the number of schools and employees. The total costs as percentage of revenue will decline in future.

Curro Academy Soshanguve, a school that plays a leading role in the community it serves.

J-curve

	Number at 31 Dec 2016		Learner numbers (Dec)				Growth			Schools' EBITDA			Growth			EBITDA margin			Eventual capacity		
	Campuses	Schools	2013	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	**33**	**80**	**10 577**	**14 645**	**20 694**	**24 699**	38%	41%	**19%**	**111**	**174**	**258**	113%	57%	**49%**	**23%**	**23%**	**27%**	**40%**	**40%**	**42%**
2009 and before	3	8	2 961	3 100	3 332	3 470	5%	7%	4%	31	37	44	28%	20%	20%	28%	28%	29%	79%	84%	88%
2010	2	6	1 636	1 994	2 120	2 232	22%	6%	5%	17	24	31	107%	42%	29%	25%	29%	33%	62%	66%	69%
2011	6	16	2 962	3 721	4 337	4 567	26%	17%	5%	25	40	52	259%	62%	30%	19%	23%	26%	39%	45%	47%
2012	2	6	1 002	1 362	1 618	1 788	36%	19%	11%	8	15	19	309%	82%	24%	17%	23%	25%	40%	48%	53%
2013	4	11	2 016	3 645	4 922	5 757	81%	35%	17%	37	67	93	238%	83%	37%	32%	38%	41%	37%	50%	59%
2014	4	8	–	823	1 271	1 531	–	54%	20%	(7)	1	3	–	Na	433%	(32%)	2%	2%	12%	19%	22%
2015	8	19	–	–	3 094	4 767	–	–	54%	–	(10)	17	–	–	Na	–	(13%)	13%	–	20%	31%
2016	4	6	–	–	–	587	–	–	–	–	–	(1)	–	–	–	–	–	(2%)	–	–	10%
Acquired schools	**16**	**35**	**10 450**	**14 092**	**15 276**	**18 484**	35%	8%	**21%**	**151**	**211**	**243**	47%	40%	**15%**	**30%**	**33%**	**30%**	**72%**	**75%**	**73%**
2012 and before	8	17	6 050	6 483	6 851	6 884	7%	6%	0%	97	121	130	27%	23%	8%	36%	38%	36%	68%	72%	72%
2013	2	3	4 400	5 690	5 779	5 541	29%	2%	(4%)	45	52	52	70%	16%	(1%)	29%	30%	28%	74%	75%	71%
2014	2	5	–	1 919	2 046	2 441	–	7%	19%	9	34	43	–	288%	26%	12%	28%	29%	82%	84%	85%
2015 and 2016	4	10	–	–	600	3 618	–	–	503%	–	4	18	–	–	371%	–	17%	19%	–	81%	69%
Property rental and royalties	–	–	–	–	–	–	–	–	–	–	(3)	(4)	–	–	–	–	–	–	–	–	–
Total	**49**	**115**	**21 027**	**28 737**	**35 970**	**43 183**	37%	25%	**20%**	**262**	382	**497**	69%	45%	**30%**	**26%**	**28%**	**29%**	**51%**	**50%**	**52%**

The table on page 48 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 usually achieved in year 2.
- Schools may take between five and eight years to reach near-full capacity (exceeding 85%).
- Schools are currently operating at about 52% of eventual capacity and at approximately 70% 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-medium 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.
- The decline in the acquired schools for 2012 and 2013 mainly relates to Meridian Rustenburg and Northern Academy, which saw margin declines over the past year.

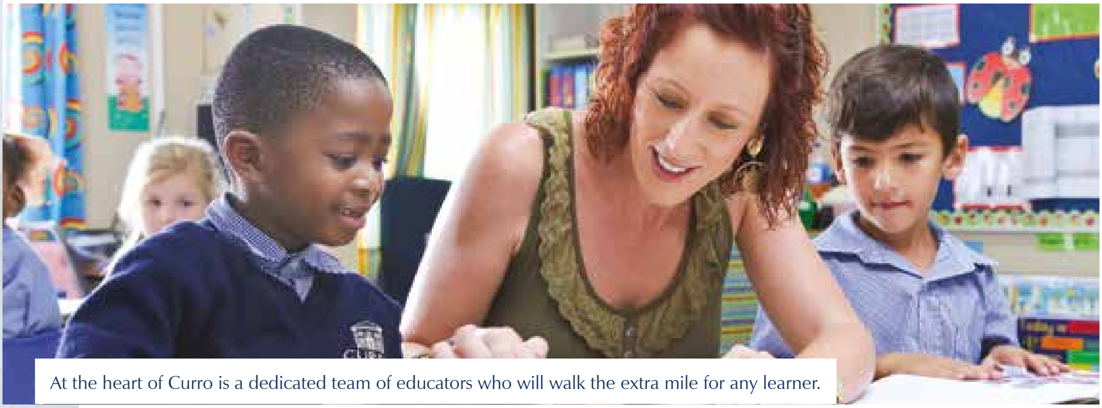
Once a school is operating at more than 75% of its capacity, EBITDA margins of 40% are achievable. Curro's target EBITDA remains 40%, but can be higher or lower at specific schools as a result of school fees, language offering and certain specific school costs (i.e. rates and taxes).

Cash flow

(R million)	2015	2016	Percentage change
EBITDA	292	387	**33%**
Working capital movements	(44)	81	
Other	13	13	
Cash from operations	**261**	**481**	
Tax	(9)	(8)	
Net finance costs	(90)	(69)	
Net cash from operating activities	**162**	**404**	**149%**
Investments	**(1 031)**	**(1 700)**	**65%**
Financing	**904**	**1 772**	**96%**
Equity	**742**	**1 722**	
Net debt	**162**	**50**	
Cash surplus	**35**	**476**	
Cash balance at the end of the year	**231**	**706**	

Healthy cash-flow generation continued in 2016, aided by prepayments, low cash tax rate and interest income from the R1.7 billion capital raising for the year.

The low cash tax rate is the result of a 5% wear-and-tear allowance on buildings provided for by the Income Tax Act.



At the heart of Curro is a dedicated team of educators who will walk the extra mile for any learner.

Impairment of assets

Curro impaired costs of R11 million for projects that are unlikely to continue. The site in Klerksdorp was made obsolete when St Conrad's, also in Klerksdorp, was acquired in the current year. The other site at Burgersfort is unlikely to be developed in the foreseeable future due to its rural location in an area affected by the decline in the platinum price as at year-end.

Capital structure

(R million)	2015	2016
Debt	1 561	1 624
Curro	971	1 046
Meridian	590	578
Equity	**3 081**	**4 964**
Debt/equity	51%	33%
Debt/equity (excl. Meridian)	32%	21%
ISCR	**2.4**	**3.2**
ISCR (excl. Meridian) >1.75x	5.1	5.7

The equity was boosted by the net proceeds of the rights issue and private placements of R1.7 billion in the current year.

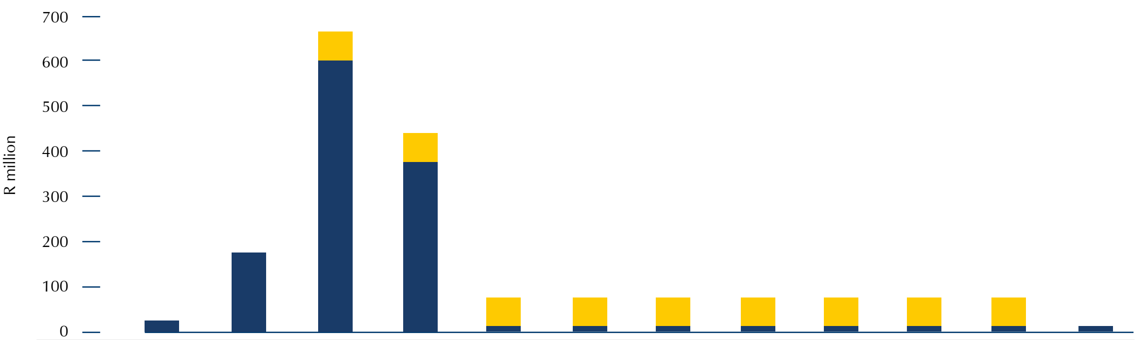
The Meridian debt is ring-fenced from the Curro balance sheet and there is no recourse to Curro in case of default by Meridian. On a standalone basis Curro is low geared. This is the preferred position in the short term, as it will enable Curro to make use of opportunities.

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 regard to the majority of Curro's debt is an interest service coverage ratio of at least 1.75 times and a loan to value ratio 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. The repayment of debt is shown below:



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Meridian	–	–	64	64	64	64	64	64	64	64	64	–
Curro	25	175	600	375	12	12	12	12	12	12	12	12

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.

Tax

	2015	2016
Effective tax rate	20%	22%

The effective tax rate is low mainly as a result of a tax-deductible capital contribution of R77 million (2015: R43 million) made by Curro to the share incentive trust in order to settle its responsibilities to the share option holders.

Credit rating

In May 2016, Global Credit Ratings (GCR) upgraded Curro's corporate credit rating by one notch to BBB with a neutral outlook. Consequently, the secured rating of the Curro Security SPV that guarantees the providers of the long-term debt has been raised from A- to A.

The rating will be maintained unless the average debt/EBITDA (excluding Meridian) ratio on a forward-looking basis increases to more than 6 times. At a debt/EBITDA rate of 2.6 times on a historical basis, Curro currently remains comfortably within this band.

Dividends

Curro plans to commence with the payment of dividends following the release of the 2018 results early in 2019.

Key focus areas

The key focus areas pertaining to the finances of Curro are:

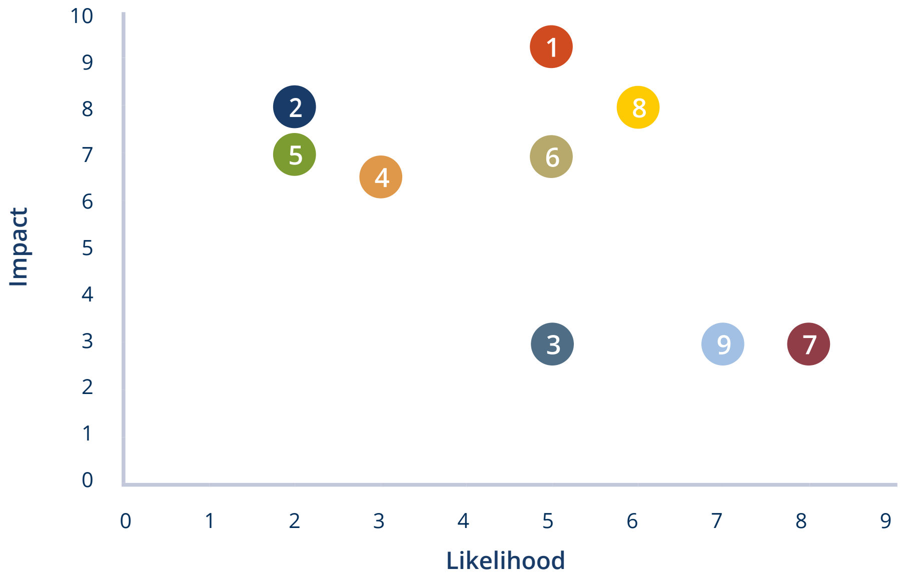
- Successful unbundling of the Embury Institute for Higher Education business from Curro in 2017.
- Securing appropriate long-term funding for the anticipated capital expansion.
- Improving the accounting and financial processes and reporting thereof.
- Maintaining and improving debtor collections.
- Cost management.

Outlook

Curro is geared and financially in a strong position to continue to expand its business. In addition, the focus on improving efficiencies ensures that shareholders are rewarded over the long term.

Robotics is an integral part of the Curro curriculum.

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 a series of events.	Curro focuses on providing quality in all its domains. Main areas that may 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 mitigates this risk further.
2	**Curriculum risk** Changes in the curriculum and the implementation thereof.	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 are enabled to 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 that government is not able to meet 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 the 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 that are continually developing. A robust budgeting process is followed for capital and expense management, which is continually monitored. A 10-year forward growth plan is also maintained for each school, against which performance is monitored. 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 is received 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 of infrastructure, which includes the basic supply of electricity, is therefore becoming imperative.	Curro has built a nationwide area network with industry leaders in the field. Access is well managed and controlled. Curro is implementing the best practice for the security risks of handheld devices in order to further protect its information. Alternative forms of electricity are now a key priority in the design of new campuses and Curro has 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 a growing workforce.	Curro believes it has a good employee value proposition that 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 Curro's contracted service provider and regional heads. Curro places a lot of emphasis on the development of its educators, who are developed through in-service training and through Curro's Institute for Higher Education. The Institute for Higher Education also provides newly qualified educators whom Curro considers for appointment in its recruitment process.
8	**Economic risk** Clients cannot afford to keep their children enrolled at the school.	• In general, Curro's clients believe in the value of a good quality education. Curro experiences that parents' spend is reprioritised to ensure that their 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 can be compared to those of government schools.
9	**Safety risk** Facilities and other factors in the environment that can be harmful to Curro's learners and employees.	• Keeping safety in mind in the planning stages. • Consulting with health and safety professionals and adhering to 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 details on risk management can be found in the corporate governance section (page 58) of this report.

3.7. Corporate governance

Curro and its board of directors are committed to maintaining high standards of corporate governance in all areas of the business. Curro believes that this creates sustainable shareholder value. 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).

As far as is practical and in all material respects the company has since its date of listing applied the principles contained in King III. The board does not consider the application of all the principles contained in King III to be appropriate for Curro. The specific principles of King III that have not been applied and that are assessed annually, together with explanations for this, are indicated in the table below.

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

A focus area for the next reporting period will be to incorporate and review how Curro applies King IV.

King III principles	Curro's view
The induction 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 as 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 relating 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 will be placed before shareholders for a nonbinding advisory vote for the first time at the annual general meeting (AGM) to be held in June 2017. Please refer to pages 61 to 63, as well as to the notice for the AGM on page 134.
Sustainability reporting and disclosure should be integrated with the company's financial reporting.	This is partially applied. Due to the nature of its business (i.e. education on an annuity basis and an inherent soft impact on the environment), Curro will not produce a separate sustainability report for the time being. Material matters that could impact sustainability are reported on in the annual integrated report. Education is an integral part of the sustainability of South Africa as a country and therefore Curro's core business has a significantly positive indirect impact on the sustainability of the country, the community and Curro itself.
Sustainability reporting and disclosure should be independently assured.	This is partially applied. The JSE SRI (Socially Responsible Investment) review includes all issuers and not only those issuers that voluntarily participate in the SRI Index. The results of these reports are taken into account when disclosure is done through reporting.

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

Board and board committees

Curro board

Five non-executive directors (four independent)
Four executive directors

Remuneration committee	Audit and risk committee	Social, ethics and human resources committee
Three non-executive directors (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, and 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, through effective internal controls, the financial accounts accurately and objectively reflect the group's business.

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

- Set the direction for and approve Curro's strategy and monitor performance against the achievement of this strategy;
- Review and approve annual and interim financial reports, budgets and business plans;
- Review risk management strategies and ensure that 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, which include ethics management;
- Make material investment, disinvestment and refinancing or restructuring decisions;
- Make recommendations to shareholders on non-executive directors' remuneration;
- Review and approve amendments to the share incentive scheme with the recommendation of the remuneration committee;
- Appoint new directors (executive and non-executive), taking diversity (including gender diversity, where the board's policy is a voluntary target to have at least two female directors on the board) into account, and ensure the 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.

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 it is reflected in the group's 10-year plan. The board holds an annual strategy board meeting and monitors performance of the group at its quarterly board meetings.

Board appointments

Appointments to the board are made in terms of clear policy with respect to the recommendations that are made by fellow board members, with the input of other significant stakeholders. This is done on the basis of the needs of the company and the set of skills/experience that such an appointee can bring to the table. The diversity of skills thus required is also assessed. 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. 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, who 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. 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 that leads and controls the company. The board comprises four executive and five non-executive directors, with the majority of the non-executive directors being independent. With regard to gender diversity, the board has met its voluntary target to have two female directors on the board. 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 to 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 comprise the CEO, CFO, COO and CIO. Abbreviated curricula vitae of the individual directors on the board are contained on pages 30 and 31 of this report.

Subsequent to year-end and as announced on 28 February 2017, the CEO, Dr Chris van der Merwe, will continue on the board as a non-executive director as from 1 July 2017 and will be a strategic adviser to the board. Andries Greyling will be the Curro CEO as from 1 July 2017. Andries's previous role as COO will not be filled, as an exco (operations) structure was formed in 2016 to assist him with the implementation of the strategy set by the board. Therefore the board will consist of six non-executive directors (the majority will still be independent) and three executive directors from 1 July 2017. More details on Chris's role as from 1 July 2017 can be found on page 28 of this report.

Delegation of powers and conflicts of interest

The board appointed an audit and risk committee, a remuneration committee and a social, ethics and human resources committee to assist with the performance of its duties. During the year, a transformation committee with a limited-duration mandate was formed as a sub-committee. It reports to the social, ethics and human resources committee and indirectly to the board with the purpose of assisting Curro with the formulation of a transformation charter, strategy and plan. Refer to page 39 for more details on transformation. Two key management committees were formed in the latter quarter of 2016, namely the investment exco and exco (operations). The mandates of these committees are defined in their charters, which are reviewed annually. Details on these committees are set out on pages 57 and 58 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 functions required to implement the strategic direction and plans set by the board. The executive directors and management are responsible 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 interest in terms of which each director individually is obliged to disclose any conflict they may have with respect to a matter for discussion at the board meetings. They must disclose the relevant information necessary to the board prior to recusing themselves so that the unconflicted directors can decide on the matter. In addition to the above, the directors annually disclose their interests in writing. This information is updated as and when the directors submit changes thereto to the company secretary. These written notices are available for inspection at every board meeting and the matter is also a standing item on the agenda of board meetings.

Governance structure

The Curro group's governance structure has been developed on the basis of 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 members collectively represent diverse skills and demographics, have great depth of qualifications and knowledge and the experience necessary to ensure that effective leadership is provided to the group. The independence of the four independent non-executive directors and the guidance that they provide are invaluable to the leadership. Refer to page 59 for details on the board members' tenure, attendance at board and board committee meetings, and their ages.

The composition of the board committees has 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 requested to attend meetings of the board committees to provide additional insight and influence discussions at these committee meetings.

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

A board and board committee self-evaluation is carried out biennially. The findings of these self-evaluations are discussed at the first board meeting in the subsequent year and appropriate actions are agreed on to ensure the continued development of the board as a whole and the continued effectiveness of the committees. The latest self-evaluations were discussed at the first board meeting in 2017. No material issues were identified with the evaluations conducted in December 2016.

Audit and risk committee

The audit and risk committee is a combined committee comprising only independent, non-executive directors, namely Barend Petersen (chairperson), 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. It fulfilled its role in accordance with its charter for the year ended 31 December 2016.

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 strategy 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, review progress to achieve the plan and 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 that reports directly to the audit and risk committee; and
- Assist the board with the information technology governance of the group, given that information technology is an important business imperative 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. No extraordinary risks were taken nor were 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 71 and 72 of this report, and to the going concern statement that is contained in the directors' report in the audited financial statements on page 76.

Remuneration committee

Refer to the report on page 60 for details on this committee.

Social, ethics and human resources committee

The social, ethics and human resources committee comprises three directors, one of whom is a non-executive director. These directors are Dr Sibongile Muthwa (chairperson), Bernardt van der Linde and Dr Chris van der Merwe.

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

Curro's code of ethics sets out the values of the group, together with Curro's protocols on, for example, not tolerating child labour, discrimination, the respecting of human rights-related matters, and emphasising the importance of business integrity and ethics. Curro's internal control environment has measures in place to monitor these aspects and to enable management to take appropriate action to address these types of incidents. Curro requires all its employees to live the Curro values, and material suppliers who are not listed on a securities exchange (as JSE-listed companies are expected to be responsible citizens) are made aware of these social matters and are required to respect them.

The primary responsibilities of this committee are to:

- Monitor Curro's performance in the context of legislative requirements that have a social and economic impact, 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 requirements as they pertain to the environment, health, public safety, labour and ethical practices.

Management committees

The executive committee (exco) is a key executive decision-making body of Curro and has the general executive control of the group. This committee changed its name to the investment exco (exco) in the latter quarter of the year. The exco is primarily responsible for general executive control and the management of the activities and business of Curro and its subsidiaries. It assists the CEO in implementing the strategy set by the board. Among other things, this committee monitors business success, budget and business plans, strategic plans for submission to the board, capital management, corporate finance, treasury management and material developments and/or high risks affecting the business performance and sustainability of the business, and ensures that appropriate action to manage same is taken. This committee consists of the executive directors plus one non-executive director (for approvals on capital projects as per the delegation by the board) and meets almost every two weeks.

The Curro operational executive committee, exco (operations), a new management committee, was formed at the end of 2016 and met for the first time in January 2017. This committee's main purpose is to assist the executive directors with the operational management of the schools' business and ensure a focused leadership team that is clear on how it will go about striving towards achieving the schools' business strategy. This is done by monitoring the implementation of divisional strategies and monitoring Curro's efforts to enhance and promote Curro towards becoming a fully integrated company. The committee consists of the executive directors and heads of departments of the group and meets monthly. The committee reports to the investment exco and to the Curro board on any material matters as the CEO deems appropriate.

In addition to the governance structure supporting the schools' business, two management committees were formed in the tertiary-education business, namely the tertiary-education investment executive committee and the tertiary-education operational executive committee. This was done to ensure continued management focus on the two distinctly different businesses and for segmental reporting purposes. The tertiary-education investment exco reports to the Curro board via the CEO, who is a member of this committee. The tertiary-education operational executive committee reports to the Curro CEO via the tertiary-education CEO on any material operational developments in the tertiary-education business. For further details on the tertiary-education business growth strategy and developments, refer to pages 21 and 28.

IT governance and developments

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

- The regular use of an IT governance framework;
- Reviewing of the IT strategy annually so as to align it to Curro's strategy;
- The ongoing reviewing and consideration of audits (conducted internally through Curro's outsourced internal audit and externally through its external audit function);
- 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. It also 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 with respect to the 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 the 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, reputational risks relating to published information regarding the business are managed and continuously reduced to ensure that the image and brand of Curro are protected. Refer to pages 26 to 28 of this report for more details on stakeholder engagement.

Management of risks

The board, being responsible for Curro's risk management, has delegated the oversight role in this regard 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 details on the risks and responses, refer to pages 52 and 53. The board is satisfied that these and other identified risks are appropriately monitored and mitigated. The board is of the opinion 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 and the compliance management of schools reside under the dedicated curriculum management team for the primary and high schools (for compliance at school level) and the head of corporate development. For construction-related matters, the quantity surveyor is in charge of the monitoring and management process. The executive directors and senior managers are responsible for the compliance of the areas identified in the different departments of the business. There were no major non-compliance incidents resulting in significant fines or prosecution during the year ended 31 December 2016.

Dealing in securities

A formal policy exists to manage and monitor dealings in Curro securities by directors and specific employees (as identified by the CEO) to ensure adherence to the JSE Listings Requirements and it 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 and this 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. These elements are reviewed annually at the same time the performance review is done. Refer to page 33 of this report for an abbreviated curriculum vitae of the company secretary.

The company secretary is not a director nor related to any of the directors or senior leadership of Curro and the board is satisfied that an arm's length relationship exists between the board and the company secretary. The company secretary has to date maintained a professional relationship with the directors, exco and exco (operations) members, providing direction on good governance and independent advice relating to corporate governance as and when required. In evaluating these qualities of the company secretary, the board has considered the Companies Act, JSE Listings Requirements and corporate governance practices such as prescribed in King III.

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 for informing 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. Through the company secretary, the board members also have access to legal and other expertise, when required, at the expense of the company. 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 certificate that the company secretary is required to issue in terms of section 88(2)(e) of the Companies Act is on page 66 of this report.

Board and board committees for the year ended 31 December 2016

The table below illustrates the number of meetings and attendance at these meetings, directors' age and their 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)	52	5 years	5/5 (C)	2/2 (I)	3/3 (M)	n/a
KK Combi (appointed on 17/08/2012)	66	5 years	4/5	2/2 (M)	3/3 (C)***	n/a
Andries Greyling (appointed on 01/02/2007)	47	10 years	5/5	2/2 (I)	n/a	n/a
Hennie Louw (appointed on 27/02/2012)	49	7 years	5/5	2/2 (I)	n/a	n/a
Piet Mouton (appointed on 01/07/2009)	40	8 years	5/5	2/2 (I)	3/3 (C)***	n/a
Dr Sibongile Muthwa (appointed on 01/05/2013)	54	4 years	4/5	1/2 (M)	n/a	1/1 (C)
Barend Petersen* (appointed on 15/04/2011)	57	6 years	4/5	2/2 (C)	n/a	n/a
Bernardt van der Linde (appointed on 01/07/2009)	39	8 years**	5/5	2/2 (I)	n/a	1/1 (M)
Dr Chris van der Merwe (appointed on 30/12/1998)	55	18 years (founder)	5/5	2/2 (I)	3/3 (I)	1/1 (M)

Notes:
(M) = Committee member
(I) = Invitee
(C) = 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 30 and 31 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.

*** On 15 August 2016 KK Combi replaced Piet Mouton as chairperson of this committee.

3.8 Remuneration philosophy, related practices and remuneration policy

Curro Holdings Limited and its subsidiaries that operate schools, herein collectively referred to as 'Curro' or 'the Curro group', value how their employees and leadership contribute to the sustainability and growth of the business. Curro therefore ensures that appropriate policies are in place. In essence these policies cover the recruitment, management of the employee-employer relationship and the remuneration of its employees.

Overview of the Curro group's recruitment, employee relationship management and performance management

The appointment of appropriately skilled and experienced employees with appropriate remuneration packages plays a pivotal role in the provision of quality education in the classroom and the appropriate level of support that the schools require from time to time.

Formal policies and procedures exist to monitor and manage the recruitment practices of the Curro group. Employees enter into contracts with Curro or the subsidiary by which they are employed. These contracts set out at least the role in which the employee is appointed, the cost-to-company salary package (including benefits), ethics and policy adherence, and notice periods applicable.

Curro offers competitive, market-related remuneration packages. It remains a challenge to attract employees with scarce skills to certain of the subject specialist roles at Curro. Curro has consistently been able to offer employees annual increases above consumer inflation. Refer to page 61 for more details on Curro's remuneration policy.

A number of policies exist in the Curro group to ensure that the employer-employee relationship is managed. These policies 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, discipline, health and safety, use of information technology and social media. Sufficient communication forums exist at the schools to ensure that material human resources issues are escalated to management so that these can be dealt with.

A performance-management system is in place to set performance measures (financial and non-financial) for employees and to measure and monitor progress against these. Annual reviews of employees' individual performance take place within Curro and salary increases and cash bonuses are approved in accordance with the levels of authority that the remuneration committee has set. The remuneration committee reviews whether the total consolidated annual increase in salaries is commensurate with the size and complexity of the business and takes budgets and the consumer inflation outlook into account. The remuneration committee reviews the consolidated short-term incentive annually at its February meeting, taking the audited/reviewed financial results into account, and ensures the total amount payable as a cash bonus is commensurate with the size and complexity of the business. Once the remuneration committee has reviewed the consolidated salary increases and short-term incentives, the approval of individual salary increases and short-term incentives takes place in accordance with the levels of authority that the remuneration committee has set.

The remuneration committee is responsible for approving any changes to the remuneration of the executive directors, executive committee (exco) members and company secretary. Further details in this regard are described in this report under the section 'Board committee – remuneration committee'.

Refer to the discussion of our capitals for more details on the human capital of the Curro group on page 24 of this report. This discussion also includes further information on, for example, Curro's training and development programmes/retention strategies.

Board committee – remuneration committee

The remuneration committee consists of non-executive directors, the majority of whom are independent. KK Combi, an independent non-executive director, replaced Piet Mouton as chairman of this committee during the year. The committee members are KK Combi (chairperson), Piet Mouton and Santie Botha. Their profiles can be found on pages 30 and 31 of this annual integrated report. The CEO is an invitee at the meetings of the remuneration committee and both the CEO and company secretary are asked to recuse themselves when their performance reviews are conducted. The remuneration committee usually meets twice per annum.

The remuneration committee is primarily responsible for reviewing and approving executive directors' remuneration. It also deals 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 2016.

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.
- Review and approve the group remuneration policy and the levels of authority as they relate to the remuneration of employees.
- Approve the awarding 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 short-term incentive paid is commensurate with the performance and achievement of the strategic objectives of Curro.
- Monitor that appropriate succession planning is in place at executive level.

Remuneration policy

The group's remuneration policy was formulated with the background and context provided in this report in mind. This is the first time that the Curro group is submitting its remuneration policy (approved by the remuneration committee) to shareholders for a non-binding advisory vote (refer to page 136 of this report). The remuneration committee believes that Curro's remuneration policy has achieved its objectives for 2016 and the consistent achievement of the objectives of the policy remains a focus for 2017.

The following is a summary of the Curro group's remuneration policy that is being recommended to shareholders' for a non-binding advisory vote at the AGM to be held on 23 June 2017:

Introduction

Curro believes that by remunerating employees with appropriate total-cost-to-company packages and rewarding its top-performing employees through its incentives (short term and long term) and other benefits (ranging from working environment to training and development programmes) that are in place, Curro is able to develop, motivate and retain their skills. This policy can also positively impact the sustainability of the Curro group and develop the company towards positioning itself as an employer of choice in the education sector. In so doing the remuneration philosophy of Curro is aligned to the Curro group's strategy and shareholder value.

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

The fee policy for non-executive directors is dealt with as the last component of this policy.

The three components of the remuneration for employees are summarised (i.e. what it is, why it is part of the remuneration philosophy and how it is determined, and how it is approved) as follows:

Total-cost-to-company packages

When the total-cost-to-company packages (salary packages) of employees are determined and reviewed annually, they take into account individual performance, company performance, the macroeconomic environment, salary bands based on specific guidelines that the HR specialist (Curro's outsourced service provider) provides, as well as relevant market information (i.e. competitor salaries/ state schools' salary statistics). This allows the Curro group to attract and retain skills that the group requires to implement its business strategy.

The remuneration committee reviews the salary packages of the executive directors, the investment exco members and the company secretary. The salary increases of these individuals are usually similar to the employees' average salary increases, unless there are specific merits to determine otherwise, for example when an individual is promoted.

The remuneration committee reviews whether the total consolidated increases to the salary packages, together with the total short-term incentives considered annually, are commensurate with the size and complexity of the business. The remuneration committee approves the levels of authority with respect to who may approve increases to the packages of employees in the different areas and levels within the company.

Short-term incentives (cash bonus)

Curro believes in rewarding good performance that is dependent on the performance of the company. This reward is awarded in the form of a cash bonus. Short-term incentives are not guaranteed and are at the discretion of the remuneration committee. The purpose of short-term incentives is to encourage and promote the continued and consistent focus on the implementation of the Curro group's strategy, and to appreciate and recognise achievements. This also assists in retaining the group's top performers. Short-term incentives are usually paid to employees who are part of management levels of the group.

The remuneration committee annually reviews and approves the key performance measures of the Curro investment executive committee and reviews the achievement against these measures when the total remuneration packages of the members of the investment exco are reviewed. These performance measures consist of financial parameters (EBITDA and HEPS performance) and non-financial parameters (Grade 12 academic performance, protection of the 'Curro' brand, learner number growth and employment equity targets). These short-term incentives are considered annually when the audited/ reviewed results of the group are available. The short-term incentives for employees other than the investment exco and the company secretary are approved by the committees/individuals as set out in the remuneration committee-approved levels of authority.

3.8 Remuneration philosophy, related practices and remuneration policy

Long-term incentives (share options)

Curro believes that the retention of key skills in the group is important to the sustainability of the company and the share incentive scheme assists in doing so. Through the share incentive scheme, the group's performance is linked to longer-term value creation, which encourages and contributes to longer-term loyalty towards Curro by participants in the scheme. At the same time it illustrates Curro's commitment and loyalty towards the participants. The limits of the number of shares that may be utilised for purposes of the share incentive scheme are fixed and determined by Curro shareholders from time to time, as required by the JSE Ltd Listings Requirements. Below is a summary of the shares already utilised until December 2016:

Maximum number of shares that may be utilised	19 354 954
Number of shares utilised	12 036 510
Portion of the allowable number utilised	62.18%
Maximum number of shares that may be utilised for any one participant during their participation in the share incentive scheme	3 870 990
Highest number of shares that has been utilised for any one participant during their participation in the share incentive scheme	1 903 899
Portion of the allowable number utilised	49.18%

The Curro shareholders approved the share incentive scheme rules that govern a range of principles such as share option awards, eligibility criteria to be a participant, vesting rules, as well as, for example, how to deal with circumstances when an employee dies, retires or is retrenched, that are detailed in the trust deed of the trust governing the share incentive scheme.

Mechanics of the share incentive scheme

Award

Share options are awarded annually at the discretion of the remuneration committee. The number of share options to be awarded is calculated on the basis of the respective employees' base salary and a multiple of between 1x and 7x applied thereto, depending on the employee's seniority within the organisation. In determining the annual share option-award top-up calculations, the value of unvested past share option awards is taken into account. All share options are awarded at a strike price equal to Curro's 30-day volume-weighted average price immediately preceding such award date.

Vesting

The vesting of share options is dependent on the employee remaining in service, with 25% vesting on the 2nd, 3rd, 4th and 5th anniversary of the award date.

Loan funding

Loan funding is available to employees to assist them in exercising their share options and to remain invested in Curro. This funding is provided on the following terms:

- Maximum loan funding of 90% of the strike price and section 8C income tax payable in respect of the vesting of share options (i.e. a cash deposit of 10% is required from the employee);
- The Curro shares acquired through the exercise of share options are ceded as security and need to cover the outstanding loan by at least 1.3x at all times;
- Interest on the outstanding loan accrues at the South African Revenue Service fringe benefit rate; and
- Loans are repayable in full after three years.

The total consolidated number of options to be awarded annually is a matter to be decided and approved by the remuneration committee. The remuneration committee is responsible for approving the annual awards for specific participants (executive directors, exco, company secretary, executive heads, heads of departments and operational heads). The approval of share option awards for other senior managers/middle managers/junior managers who qualify for participation in the share incentive scheme is delegated to the CEO, CFO and company secretary by the remuneration committee. This occurs subject to these awards being within the factor ranges that the remuneration committee has set and the remuneration committee being notified once awards have been made.

Non-executive directors' fees policy

Non-executive directors' fees are reviewed annually by the remuneration committee, which takes external public research information that is available on non-executive directors' fees, affordability, and increase averages for the average employee's salary into account in this review. The remuneration committee's recommendation is submitted to the board, which then considers it for recommendation to the shareholders for approval at the company's annual general meeting. Once the fee has been approved, the fees are paid bi-annually (end of June and end of December).

The company's memorandum of incorporation as approved by the shareholders of the company allows for a disinterested quorum of the board to determine such additional amounts of fees/remuneration to be paid in the event a director provides services that fall outside the scope of the ordinary duties of a non-executive director.

Disclosure references

The following disclosures relating to directors' and officers' remuneration do not form part of the policy and are only for the reader's reference:

- Executive directors' remuneration: audited annual financial statements 31 December 2016 – pages 125 and 126 of this report.
- Interest of directors of the company in issued share capital: audited annual financial statements 31 December 2016 – page 75 of this report.
- Share incentive scheme-related: audited annual financial statements 31 December 2016 – pages 109 to 111 of this report.
- Remuneration committee – number of meetings and attendance thereat: corporate governance – page 59 of this report.
- Resolution on the non-binding advisory vote on the Curro group's remuneration policy: AGM notice, page 136 of this report.
- Non-executive directors' remuneration – special resolution: AGM notice, page 137 of this report.

Curro Castle nursery schools believe in the magic of childhood, the joy of being young and the unbridled innocence of youth.

CONTENTS

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

The directors are required in terms of the Companies Act of South Africa, as amended (the Companies Act), to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual 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 annual financial statements are prepared in accordance with IFRS, 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. The consolidated and separate 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 to 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the consolidated and separate cash flow forecast for the year to 31 December 2017 and, in light of this review and the current financial position, they are satisfied that the group and company 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 pages 67 to 70.

The consolidated and separate annual financial statements set out on pages 71 to 133, which have been prepared on the going concern basis, were approved by the board of directors on 19 April 2017 and were signed on their behalf by:

SL Botha
Chairperson of the Board

CR van der Merwe
Chief Executive Officer

Durbanville
19 April 2017

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 group has lodged with the Commissioner all such returns and notices as are required of a public company in terms of the Companies Act and that all such returns and notices are true, correct and up to date.

R van Rensburg
Company Secretary

Durbanville
19 April 2017

To the shareholders of Curro Holdings Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Curro Holdings Limited (the Group) set out on pages 71 to 133, which comprise the statements of financial position as at 31 December 2016, and the statements comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 December 2016, 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters noted below relate to the consolidated and separate financial statements in the same manner.

Key audit matter	How the matter was addressed in the audit
PURCHASE PRICE ALLOCATIONS	
Curro Holdings Limited acquired three schools during the year which resulted in goodwill, a bargain purchase gain, intangible and tangible assets being recognised. IFRS 3 - Business Combinations ('IFRS 3') establishes the principles and requirements for how the acquirer recognises and measures the goodwill acquired in the business combination or a gain from a bargain purchase. IAS 38 - Intangible Assets ('IAS 38') prescribes the accounting treatment of an intangible asset acquired in a business combination. According to IFRS 3 and IAS 38 an acquirer needs to recognise an intangible asset of the acquiree at acquisition date. There is a risk that the goodwill, intangible and tangible assets recognised as a result of the business combinations have not been accounted for and disclosed in accordance with the requirements of IFRS 3 and IAS 38.	The accounting for the goodwill, bargain purchase gain, intangible and tangible assets recognised at the time of the business combinations was assessed for compliance with the requirements of IFRS 3 and IAS 38 through the following audit procedures: • Design and implementation testing was performed on the key internal controls on the business combination. • For intangible assets recognised on acquisition; we reviewed the director's valuation model and verified the significant inputs used. The significant inputs related to the royalty rate for the valuation of the trademarks and the growth in tuition fees, discount rates and deemed rental for the valuation of the client lists.

PURCHASE PRICE ALLOCATIONS (continued)

This is a key audit matter as the acquisitions are material and contains key assumptions made by the directors relating to significant inputs used in determining the fair value of certain of the assets recognised.

Details of these acquisitions are set out in note 33 to the consolidated and separate financial statements.

- For tangible assets recognised on acquisition, the most significant being land and buildings, we assessed the fair value against the director's calculations and external valuation reports obtained by the directors.
- The bargain purchase gain or goodwill was recalculated as being the difference between the purchase consideration and the fair value of the net assets recognised on acquisition.

The models and assumptions used are consistent with those used in prior periods and appear to be reasonable and fairly presented and disclosed in the consolidated and separate financial statements.

VALUATION OF GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets comprise 3,6% of the total assets of the Group. In accordance with IAS 36, goodwill and indefinite useful life intangible assets are required to be assessed for impairment on an annual basis.

The directors perform this assessment annually using cash flow projections based on past performance and expected market development to assess the recoverability of the carrying value of goodwill and indefinite useful life intangible assets.

As disclosed in the notes to the consolidated and separate financial statements, there are a number of key sensitive assumptions made in determining the inputs into these models which include:

- Growth in school fees and learner numbers; and
- The discount rates applied to the projected future cash flows.

As a result, valuation of goodwill and intangible assets is considered a key audit matter.

The directors' assessment of goodwill and intangible assets for impairment as at 31 December 2016 indicated that no impairment is required.

We have evaluated the directors' estimates and key sensitive assumptions which included the following procedures:

- Design and implementation testing was performed on the key internal controls on the impairments.
- Evaluating the valuation method used relation to the requirements of IAS 36.
- Assessing key assumptions related to discount rates through verifiable third party evidence and performing sensitivity analysis.
- Evaluating future projected cash flows based on revenue growth rates and operating margins considering past trends, the current macroeconomic climate and expected future performance of individual schools.

We found that the assumptions used by the directors in determining the recoverable amounts of the respective goodwill and indefinite useful live intangibles assets, comparable with historical performance and the expected future outlook and the discount rates used were appropriate in the circumstances. We consider the disclosure of the goodwill and indefinite useful life intangible assets to be relevant and useful.

Other information

The directors are responsible for the other information. The other information comprises the directors' report, the audit and risk committee's report and the company secretary's certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the annual integrated report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the 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.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and risk committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and risk committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit and risk committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Curro Holdings Limited for 7 years.

Deloitte & Touche

Deloitte & Touche
Registered Auditor

Per: D A Steyn
Partner
20 April 2017

This report is provided by the audit and risk committee (the committee) appointed in respect of the 2016 financial year of Curro Holdings Limited (Curro) 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 (chairperson), 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 of South Africa, as amended, and Regulation 42 of the Companies Regulations, 2011.

2. Purpose

The purpose of the committee is to:

- Ensure the integrity of the integrated reporting for Curro.
- Review the effectiveness of Curro's financial reporting process.
- Review the effectiveness of Curro's assurance processes.
- 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 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.
- The appointment of the external auditors, review of their independence and approval of audit fees.

3. Meetings held by the audit and risk committee

The committee performs the duties imposed upon it by section 94(7) of the Companies Act of South Africa, 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 2016, which meetings were attended by all members of the committee.

4. External auditor

The committee has nominated Deloitte & Touche as the independent auditor and DA Steyn, who is a registered independent auditor, as the designated partner for appointment of the 2016 audit.

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act of South Africa and as per the standards stipulated by the auditing profession. Requisite assurance was sought from the audit partner 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 scope, extent of the work required and timing of the audit.

The committee has considered and pre-approved all non-audit services provided by the external auditors and the fees thereof to ensure that the independence of the external auditors is maintained.

5. Consolidated and separate annual financial statements

The Committee recommend board approval pursuant to the review of the consolidated and seperate annual financial statements.

6. Accounting practices and internal control

Internal controls and systems have been designed to provide reasonable assurance of the integrity and reliability of the financial information presented in the annual 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's key internal control systems has occurred during the year under review.

The committee considers the accounting policies, practices and annual 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 group, the content or auditing of the consolidated and separate annual financial statements, the internal financial controls of the group or on any other related matter during the year under review.

On behalf of the committee

B Petersen
Chairperson of the Audit and Risk Committee

Durbanville
19 April 2017

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of Curro and its subsidiaries for the year ended 31 December 2016.

1. Nature of business

Overview

Curro develops, acquires and manages independent schools throughout Southern 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 54 campuses (127 schools) accommodating 47 589 learners, which include the teachers' training college accommodating approximately 950 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 Higher Education (Pty) Ltd that also offers short course training to educators in the public and private sectors.

Group financial results

Revenue increased by 27% from R1 384 million in 2015 to R1 761 million in 2016. Schools' EBITDA (earnings before interest, taxation, depreciation and amortisation and head office expenditure) increased by 30% from R382 million to R497 million over the same period, with EBITDA increasing by 33% from R292 million to R387 million. The increase is mainly attributable to the increase in learner numbers. Satisfactory EBITDA margin growth is evident in schools where capacity utilisation increases.

The EBITDA margin increased from 21% in 2015 to 22% in 2016.

Net interest expense decreased by 23% from R90 million in 2015 to R69 million in 2016 due to increased interest income, which is a result of Curro shares issued in a rights issue, and private placements. Headline earnings increased by 69% from R100 million to R169 million over the same period. However, headline earnings per share increased by 55% from 28,3 cents to 43,9 cents due to the increase in the weighted average number of shares in issue following the rights offer and private placements undertaken in the year.

Investment and expansion

During 2016 the group invested R1.7 billion in the business, including the following significant investments:

- Construction of nine new campuses to the value of R763 million. These campuses include Curro Waterfall primary school (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 the Embury Institute for Higher Education in Waterfall Estate (Gauteng).
- R571 million invested in the expansion of existing campuses, which included significant expansions at Curro Mount Richmore, Curro Roodeplaat, Meridian Cosmo City, Meridian Pinehurst, St Dominics and Waterstone College.
- R125 million invested in land banking. The group's current land-banked portfolio stands at eleven sites, with twenty sites in the process of being procured.

The group plans to invest up to R2 billion in 2017.

Tertiary education

In 2016 Curro commenced with the expansion of its tertiary-education business, Embury. At the end of 2017, the Embury operations will move to a new facility in Durban that can accommodate 2 600 students. The original campus could host 1 000 students. Embury is adding two new campuses to their offering, being Waterfall in Midrand and Montana in Pretoria, which will be ready for full intake in 2018.

The directors believe that the tertiary-education component can reach more than 100 000 students over the long term.

In view of the potential future growth of the tertiary-education market, Curro has separated the schools and tertiary-education businesses to keep management focused and for segmental reporting purposes. It is envisaged that the tertiary-education business will unbundle and list separately during the 2017 year.

2. Organisational changes

In line with Curro's succession strategy, Andries Greyling, the chief operating officer of Curro Holdings Limited, will succeed Chris van der Merwe as chief executive officer with effect from 1 July 2017.

Chris van der Merwe, founder of Curro Holdings Limited and current CEO, will become a non-executive director and strategic adviser to Curro. He will also be the non-executive chairperson of the tertiary-education company.

3. Share capital

Effective 13 May 2016, 32.4 million shares were issued by way of an underwritten renounceable rights offer at a subscription price of R33.00 per rights offer share, in the ratio of 1 rights offer share for every 11 Curro ordinary shares. On 13 October 2016, 2.2 million shares were issued to employees through the Curro share incentive scheme. Curro also issued 15.6 million shares through private placements during the year.

Refer to note 16 of the consolidated and separate annual financial statements for details 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 annual general meeting, a shareholders resolution will be posed at the next annual general meeting to consider placing the 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 annual general meeting.

5. Dividends

No dividends were declared or paid to shareholders during the year (2015: RNil).

6. Directorate

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

Directors	Gender	Office	Designation
SL Botha	Female	Chairperson of the board	Non-executive independent
ZL Combi	Male		Non-executive independent
AJF Greyling	Male	Chief operating officer	Executive
HG Louw	Male	Chief investment officer	Executive
PJ Mouton	Male		Non-executive
SWF Muthwa	Female		Non-executive independent
B Petersen	Male		Non-executive independent
B van der Linde	Male	Chief financial officer	Executive
CR van der Merwe	Male	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 plan (as set out in note 17), in the issued share capital of the company as at 31 December 2016 was as follows:

	2016				2015			
Directors	**Direct**	**Indirect**	**Number**	**%**	Direct	Indirect	Number	%
SL Botha	272 926	–	272 926	0.07	250 182	–	250 182	0.07
AJF Greyling	–	812 501	812 501	0.20	–	752 501	752 501	0.21
HG Louw	189 424	–	189 424	0.05	–	–	–	–
PJ Mouton	–	1 939 943	1 939 943	0.48	–	1 813 337	1 813 337	0.51
B van der Linde	129 299	500 645	629 944	0.15	129 299	313 300	442 599	0.12
CR van der Merwe	–	3 711 677	3 711 677	0.91	–	4 051 677	4 051 677	1.14
	591 649	**6 964 766**	**7 556 415**	**1.86**	379 481	6 930 815	7 310 296	2.05

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 the shareholding of directors between the reporting date and the date of approval of the annual financial statements.

8. Interests in subsidiaries and associates

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

The interest of the group in the profits of its associate for the year ended 31 December 2016 are as follows:

	2016	2015
	R '000	R '000
Share of equity accounted profits	**977**	689

9. Holding company

The holding company is PSG Financial Services Ltd, which holds 56.1% (2015: 58.3%) of the issued share capital. PSG Financial Services Ltd is incorporated in South Africa.

10. Ultimate holding company

The 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

Curro and BA ISAGO University, in Botswana, have mutually agreed not to conclude the acquisition of 50% of BA ISAGO that was announced on SENS on 21 November 2016 and to put further discussions on hold until some time in the future.

The directors are not aware of any other matter, which is material to the Group or Company, that has occurred between the reporting date and the date of the approval of the annual financial statements.

13. Going concern

The directors believe that the group and company have adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate annual financial statements 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 their 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 any pending changes to legislation which may affect the group or company.

14. Auditors

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

15. Secretary

The company secretary is Ms R van Rensburg.

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

16. Sponsor

PSG Capital acts as sponsor for the group and company, providing advice on the interpretation of 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 is practical, the 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 practically 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 71 to 72 of the consolidated and separate annual financial statements.

Consolidated and separate statements of financial position

for the year ended 31 December 2016

		Group		Company	
		2016	2015	**2016**	2015
	Note(s)	**R'000**	R'000	**R'000**	R'000
Assets					
Non-current assets					
Property, plant and equipment	4	**5 635 102**	4 242 816	**4 225 572**	3 248 275
Goodwill	5	**428 112**	332 495	**57 872**	57 872
Intangible assets	6	**167 140**	133 953	**66 342**	51 330
Investments in and loans to subsidiaries and associates	7, 8, 9	**10 794**	9 554	**524 797**	504 513
Other financial assets	10	**29 214**	29 292	**1 807**	19 852
		6 270 362	4 748 110	**4 876 390**	3 881 842
Current assets					
Inventories	13	**9 777**	8 392	**642**	1 365
Loans to group companies	9	**–**	–	**542 827**	151 931
Trade and other receivables	14	**85 184**	36 410	**130 851**	67 893
Other financial assets	10	**243 294**	50 142	**239 659**	47 909
Current tax receivable		**7 470**	5 953	**1 151**	1 263
Cash and cash equivalents	15	**705 657**	230 526	**530 948**	166 616
		1 051 382	331 423	**1 446 078**	436 977
Total assets		**7 321 744**	5 079 533	**6 322 468**	4 318 819
Equity and liabilities					
Equity					
Equity attributable to equity holders of parent					
Share capital	16	**4 556 399**	2 834 177	**4 677 107**	2 877 532
Reserves		**22 292**	38 969	**22 292**	38 969
Retained income		**396 913**	215 046	**141 135**	115 256
		4 975 604	3 088 192	**4 840 534**	3 031 757
Non-controlling interest	7	**(11 671)**	(7 361)	**–**	–
		4 963 933	3 080 831	**4 840 534**	3 031 757
Liabilities					
Non-current liabilities					
Other financial liabilities	19	**1 623 651**	1 561 250	**1 023 054**	968 510
Deferred tax liability	12	**318 067**	188 564	**156 562**	97 736
		1 941 718	1 749 814	**1 179 616**	1 066 246
Current liabilities					
Trade and other payables	21	**388 873**	220 655	**274 228**	188 406
Loans from group companies	9	**–**	–	**907**	4 227
Other financial liabilities	19	**27 183**	28 183	**27 183**	28 183
Current tax payable		**37**	50	**–**	–
		416 093	248 888	**302 318**	220 816
Total liabilities		**2 357 811**	1 998 702	**1 481 934**	1 287 062
Total equity and liabilities		**7 321 744**	5 079 533	**6 322 468**	4 318 819

Consolidated and separate statements of comprehensive income
for the year ended 31 December 2016

	Note(s)	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
Revenue	22	1 761 077	1 383 739	1 319 318	1 049 851
Operating expenses		(1 373 750)	(1 091 396)	(1 128 424)	(890 448)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		**387 327**	292 343	**190 894**	159 403
Depreciation and amortisation		(107 742)	(85 508)	(87 803)	(67 261)
Earnings before interest and taxation (EBIT)	23	279 585	206 835	103 091	92 142
Investment income	24	58 504	27 425	102 167	32 897
Impairment	4	(11 227)	(6 062)	(99 118)	(6 062)
Bargain purchase gain	33	14 701	4 242	14 701	4 242
Share in profits of associates		977	689	-	-
Finance costs	25	(127 390)	(117 836)	(61 175)	(61 205)
Profit before taxation		**215 150**	115 293	**59 666**	62 014
Taxation	26	(47 787)	(23 272)	(41 983)	(20 044)
Profit for the year		**167 363**	92 021	**17 683**	41 970
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Effects of cash flow hedges	29	(20 601)	24 706	(20 601)	24 706
Income tax effect		(164)	-	(164)	-
Total items that may be reclassified to profit or loss		**(20 765)**	24 706	**(20 765)**	24 706
Total comprehensive income (loss) for the year		**146 598**	116 727	**(3 082)**	66 676
Profit attributable to:					
Owners of the parent		171 673	98 344	17 683	41 970
Non-controlling interest		(4 310)	(6 323)	–	–
		167 363	92 021	**17 683**	41 970
Total comprehensive income (loss) attributable to:					
Owners of the parent		150 908	123 050	(3 082)	66 676
Non-controlling interest		(4 310)	(6 323)	–	–
		146 598	116 727	**(3 082)**	66 676
Earnings per share (cents)					
Basic	30	44.7	27.8		
Diluted	30	44.5	27.4		
Headline earnings per share (cents)					
Basic	30	43.9	28.3		
Diluted	30	43.7	27.9		

Consolidated and separate statements of changes in equity

for the year ended 31 December 2016

	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/ company R'000	Non-controlling interest R'000	Total equity R'000
Group								
Balance at 1 January 2015	**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
Share issue costs	(13 791)	–	–	–	–	(13 791)	–	(13 791)
Employees share option scheme: Proceeds of shares issued	15 852	–	–	–	–	15 852	–	15 852
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**
Profit (loss) for the year		–	–	–	171 673	171 673	(4 310)	167 363
Other comprehensive loss, after taxation		(20 765)	–	(20 765)	–	(20 765)	–	(20 765)
Total comprehensive (loss) income for the year		**(20 765)**	**–**	**(20 765)**	**171 673**	**150 908**	**(4 310)**	**146 598**
Issue of shares	1 720 603	–	–	–	–	–	–	1 720 603
Employees share option scheme: Proceeds of shares issued	28 096	–	–	–	–	28 096	–	28 096
Share issue costs	(26 477)	–	–	–	–	(26 477)	–	(26 477)
Recognition of share-based payments	–	–	14 282	14 282	–	14 282	–	14 282
Exercise of share options	–	–	(10 194)	(10 194)	10 194	–	–	–
Total contributions by and distributions to owners of company recognised directly in equity	**1 722 222**	**–**	**4 088**	**4 088**	**10 194**	**1 736 504**	**–**	**1 736 504**
Balance at 31 December 2016	**4 556 399**	**701**	**21 591**	**22 292**	**396 913**	**4 975 604**	**(11 671)**	**4 963 933**
Note(s)	16	18 & 29	17		29			

Consolidated and separate statements of changes in equity

for the year ended 31 December 2016

	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/ company R'000	Non-controlling interest R'000	Total equity R'000
Company								
Balance at 1 January 2015	**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
Share issue costs	(13 791)	–	–	–	–	(13 791)	–	(13 791)
Employees share option scheme: Proceeds of shares issued	59 207	–	–	–	–	59 207	–	59 207
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**
Profit for the year	–	–	–	–	17 683	17 683	–	17 683
Other comprehensive loss after taxation	–	(20 765)	–	(20 765)	–	(20 765)	–	(20 765)
Total comprehensive (loss) income for the year	**–**	**(20 765)**	**–**	**(20 765)**	**17 683**	**(3 082)**	**–**	**(3 082)**
Issue of shares	1 720 603	–	–	–	–	1 720 603	–	1 720 603
Employees share option scheme: Proceeds of shares issued	105 449	–	–	–	–	105 449	–	105 449
Share issue costs	(26 477)	–	–	–	–	(26 477)	–	(26 477)
Recognition of share-based payments	–	–	14 282	14 282	–	14 282	–	14 282
Exercise of share options	–	–	(10 194)	(10 194)	10 194	–	–	–
Transfer of assets under common control	–	–	–	–	(1 998)	(1 998)	–	(1 998)
Total contributions by and distributions to owners of company recognised directly in equity	**1 799 575**	**–**	**4 088**	**4 088**	**8 196**	**1 811 859**	**–**	**1 811 859**
Balance at 31 December 2016	**4 677 107**	**701**	**21 591**	**22 292**	**141 135**	**4 840 534**	**–**	**4 840 534**
Note(s)	16	18 & 29	17		29			

Consolidated and separate statements of cash flows

for the year ended 31 December 2016

		Group		Company	
		2016	2015	**2016**	2015
	Note(s)	**R'000**	R'000	**R'000**	R'000
Cash flows from operating activities					
Cash generated from operations	31	481 307	261 110	215 786	123 610
Interest income		58 504	27 425	76 681	32 897
Finance costs		(127 390)	(117 836)	(61 175)	(61 205)
Tax (paid) refunded	32	(8 858)	(9 039)	112	3
Net cash from operating activities		**403 563**	161 660	**231 404**	95 305
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(1 199 061)	(969 800)	(976 725)	(769 661)
Sale of property, plant and equipment		6 880	1 246	5 894	1 201
Expenditure on product development	6	(30 087)	(17 664)	(17 547)	(11 069)
Business combinations	33	(266 188)	1 809	(24 596)	(11 850)
Acquisition of subsidiaries		–	–	(87 891)	(81 675)
Loans to group companies repaid		–	6 007	–	8 563
Loans advanced to group companies		–	–	(414 500)	(71 766)
Proceeds from loans from group companies		–	–	–	(2 441)
Movement in other financial assets		(211 744)	(52 168)	(192 375)	(47 909)
Net cash utilised in investing activities		**(1 700 200)**	(1 030 570)	**(1 707 740)**	(986 607)
Cash flows from financing activities					
Proceeds on shares issued		1 722 222	742 053	1 799 575	785 408
Proceeds from other financial liabilities		83 620	189 312	75 000	140 315
Repayment of other financial liabilities		(34 074)	(27 234)	(33 907)	(25 211)
Net cash from financing activities		**1 771 768**	904 131	**1 840 668**	900 512
Total cash movement for the year		475 131	35 221	364 332	9 210
Cash at the beginning of the year		230 526	195 305	166 616	157 406
Total cash at end of the year	15	**705 657**	230 526	**530 948**	166 616

1. Presentation of consolidated and separate annual financial statements

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

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa, as amended. The consolidated and separate 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 were to 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 IAS17 *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 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.

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 transactions 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 IFRS.

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.

1.2 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.

1.2 Investment in associates (continued)

An investment in an 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 reclassify the related items that 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 which 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.

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.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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.
- 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.

1.4 Intangible assets (continued)

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values in profit or loss 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 classify financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables (non-derivative financial assets and liabilities);
- Financial liabilities at fair value through profit or loss; and
- 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.

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.

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.

The recoverable amount of a financial asset is the lower of carrying amount and the present value of future cash flow, discounted using the original effective interest rate.

Reversals of impairment losses are recognised in profit or loss.

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 60 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited 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);
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); and
- 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 document 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'.

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 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 non-financial 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.

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, 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) are recognised in the period in which the service is rendered and is not discounted.

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 have 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.

1.14 Provisions and contingencies (continued)

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 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 all the activities necessary to prepare the qualifying asset for its intended use or sale are substantially 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 non-financial 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 and intangibles are set out in notes 1.2 and 1.3. Estimated useful lives and residual values are reviewed annually, taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the education industry where the assets are used.

2. Segmental information

The reportable segments, which represent 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 and Curro Castles
Meridian	Independent education and ancillary services
Embury	Independent higher education services

In view of the potential future growth of the tertiary-education market, Curro has separated the schools and tertiary-education businesses to keep management focused and for segmental reporting purposes. Accordingly, the comparative figures have been updated to reflect the new segment.

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 arm's length basis.

The segment information provided to the exco is presented below.

	2016				2015			
	Curro R '000	**Meridian R '000**	**Embury R '000**	**Total R '000**	Curro R '000	Meridian R '000	Embury R '000	Total R '000
Total segment revenue	1 449 239	274 792	48 048	1 772 079	1 133 309	235 455	38 539	1 407 303
Inter-segment revenue	(10 479)	-	(523)	(11 002)	(24 986)	-	1 422	(23 564)
Revenue from external customers	1 438 760	274 792	47 525	1 761 077	1 108 323	235 455	39 961	1 383 739
EBITDA	325 196	51 248	10 968	387 412	239 688	45 057	7 598	292 343
Depreciation and amortisation	95 173	11 609	1 045	107 827	71 408	13 059	1 041	85 508
Impairments	11 227	-	-	11 227	6 062	-	-	6 062
Investment revenue	51 851	4 999	1 654	58 504	24 424	2 210	791	27 425
Finance costs	61 266	66 124	-	127 390	61 381	56 455	-	117 836
Taxation	53 933	(9 387)	3 241	47 787	25 375	(4 160)	2 057	23 272
Profit after taxation	171 343	(12 315)	8 335	167 363	104 796	(18 065)	5 290	92 021

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 and deferred tax assets.

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.

	2016				2015			
	Curro R '000	**Meridian R '000**	**Embury R '000**	**Total R '000**	Curro R '000	Meridian R '000	Embury R '000	Total R '000
Capital expenditure	1 352 998	52 050	72 904	1 477 952	993 802	22 977	938	1 017 717
Total assets	6 390 828	679 057	251 859	7 321 744	4 369 354	680 997	29 182	5 079 533
Total liabilities	1 415 225	717 586	224 999	2 357 810	1 340 052	647 991	10 658	1 998 701

Geographical information

The group operates in two principal geographical areas – South Africa and Namibia.

The group's revenue from continuing operations from external customers by location of operations, and non-current assets by location of assets are detailed below.

	2016		2015	
	Revenue from external customers	**Non-current assets**	Revenue from external customers	Non-current assets
South Africa	1 701 792	5 357 899	1 383 739	4 757 173
Namibia	59 285	277 203	-	-
Total	**1 761 077**	**5 635 102**	1 383 739	4 757 173

Non-current assets exclude financial instruments and deferred tax assets.

3. New and revised standards

3.1 Standards and amendments effective and adopted in the current year

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

Standard/interpretation:	**Effective date: Years beginning on or after**
• Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation	01 January 2016
• Amendment to IAS 27: Equity method in separate financial statements	01 January 2016
• Amendment to IFRS 7: Financial instruments: disclosures: annual improvements project	01 January 2016
• Amendment to IAS 19: Employee benefits: annual improvements project	01 January 2016
• Disclosure initiative: Amendment to IAS 1: Presentation of financial statements	01 January 2016

The adoption of these standards and amendments did not have a significant impact on the amounts recognised or disclosed in the consolidated and separate annual financial statements

3.2 Standards and amendments not yet effective

The Group and Company has chosen not to early adopt the following standards and amendments, which have been published and are mandatory for the Group and Company's accounting periods beginning on or after 01 January 2017 or later periods:

Standard/Amendment:	**Effective date: Years beginning on or after**
• IFRS 16 Leases	01 January 2019
• IFRS 9 Financial Instruments	01 January 2018
• IFRS 15 Revenue from Contracts with Customers	01 January 2018

3.2 Standards and amendments not yet effective (continued)

Standard/Amendment (continued):	Effective date: Years beginning on or after
• Amendments to IFRS 2: Classification and measurement of share-based payment transactions	01 January 2018
• Amendments to IAS 7: Disclosure initiative	01 January 2017
• Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	01 January 2017

The directors have assessed the potential impact of the application of these standards and amendments. The application is not expected to have a significant impact on the amounts recognised or disclosed in the consolidated and separate annual financial statements, except for IFRS 16.

The aggregate impact of the initial application of IFRS 16 on the consolidated and separate annual financial statements is expected to be as follows:

A right of use asset will be recognised that will be depreciated over 12 years with the recognition of a finance lease liability which has been discounted at 12.15% per annum;

	R'm
Increase in property, plant and equipment (right of use asset)	208
Increase in long-term liabilities (finance lease liability)	241
Decrease in lease expense (per annum)	(44)
Increase in depreciation (per annum)	24
Increase in finance cost (per annum)	30

4. Property, plant and equipment

Group	2016			2015		
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Land and buildings	5 185 019	(3 882)	5 181 137	3 908 199	(2 193)	3 906 006
Furniture and fixtures	223 528	(74 344)	149 184	180 896	(48 207)	132 689
Computer equipment	213 084	(110 785)	102 299	150 688	(78 327)	72 361
Motor vehicles	96 403	(33 803)	62 600	80 447	(24 232)	56 215
School equipment	103 466	(29 182)	74 284	67 123	(17 546)	49 577
Computer software	44 578	(20 369)	24 209	22 615	(13 917)	8 698
Premises equipment	57 227	(20 230)	36 997	25 408	(11 448)	13 960
Office equipment	8 621	(4 229)	4 392	6 956	(3 646)	3 310
Total	**5 931 926**	**(296 824)**	**5 635 102**	4 442 332	(199 516)	4 242 816

Company	2016			2015		
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Land and buildings	3 845 095	(3 625)	3 841 470	2 962 211	(1 936)	2 960 275
Furniture and fixtures	186 600	(61 176)	125 424	153 164	(38 889)	114 275
Computer equipment	170 894	(87 506)	83 388	119 604	(61 829)	57 775
Motor vehicles	82 934	(29 133)	53 801	70 419	(20 907)	49 512
School equipment	89 820	(24 359)	65 461	58 148	(14 489)	43 659
Computer software	39 148	(19 155)	19 993	21 139	(13 015)	8 124
Premises equipment	50 396	(17 200)	33 196	21 200	(9 111)	12 089
Office equipment	5 729	(2 890)	2 839	5 103	(2 537)	2 566
Total	**4 470 616**	**(245 044)**	**4 225 572**	3 410 988	(162 713)	3 248 275

Reconciliation of property, plant and equipment – group – 2016

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Depreciation R'000	Impairment provision R'000	Closing balance R'000
Land and buildings	**3 906 008**	**992 952**	**296 460**	**(1 489)**	**(1 567)**	**(11 227)**	**5 181 137**
Furniture and fixtures	**132 689**	**41 645**	**2 510**	**(405)**	**(27 255)**	**–**	**149 184**
Computer equipment	**72 361**	**64 545**	**1 649**	**(1 553)**	**(34 703)**	**–**	**102 299**
Motor vehicles	**56 215**	**15 704**	**5 681**	**(3 113)**	**(11 887)**	**–**	**62 600**
School equipment	**49 577**	**35 991**	**581**	**(797)**	**(11 068)**	**–**	**74 284**
Computer software	**8 698**	**21 958**	**–**	**–**	**(6 447)**	**–**	**24 209**
Premises equipment	**13 960**	**24 854**	**6 941**	**(16)**	**(8 742)**	**–**	**36 997**
Office equipment	**3 310**	**1 412**	**175**	**–**	**(505)**	**–**	**4 392**
	4 242 818	**1 199 061**	**313 997**	**(7 373)**	**(102 174)**	**(11 227)**	**5 635 102**

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	Closing balance R'000
Land and buildings	3 065 702	826 810	14 916	(69)	(1 353)	3 906 006
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	969 800	16 394	(1 276)	(80 287)	4 242 816

Reconciliation of property, plant and equipment – company – 2016

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Depreciation R'000	Impairment provision R'000	Closing balance R'000
Land and buildings	**2 960 275**	**828 733**	**65 760**	**(750)**	**(1 321)**	**(11 227)**	**3 841 470**
Furniture and fixtures	**114 275**	**33 657**	**217**	**(405)**	**(22 320)**	**–**	**125 424**
Computer equipment	**57 775**	**52 395**	**279**	**(994)**	**(26 067)**	**–**	**83 388**
Motor vehicles	**49 512**	**17 706**	**355**	**(3 101)**	**(10 671)**	**–**	**53 801**
School equipment	**43 659**	**32 906**	**–**	**(797)**	**(10 307)**	**–**	**65 461**
Computer software	**8 124**	**18 007**	**–**	**–**	**(6 138)**	**–**	**19 993**
Premises equipment	**12 089**	**23 260**	**5 937**	**(16)**	**(8 074)**	**–**	**33 196**
Office equipment	**2 566**	**643**	**–**	**–**	**(370)**	**–**	**2 839**
	3 248 275	**1 007 307**	**72 548**	**(6 063)**	**(85 268)**	**(11 227)**	**4 225 572**

Included in the company additions figure above is R30.6 million worth of assets which was acquired through a dividend in specie as part of the dividend in specie of Building Blocks Prep School (Pty) Ltd and De Jager Kids (Pty) Ltd. Refer to note 33.

4. Property, plant and equipment (continued)

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	Closing balance R'000
Land and buildings	2 297 067	645 803	18 200	(69)	(726)	2 960 275
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	769 661	21 600	(990)	(64 943)	3 248 275

Impairment

Market conditions in Burgersfort and the new acquisition in Klerksdorp were identified as impairment indicators relating to the land owned in Burgersfort and Klerksdorp. As a result, an impairment charge of R11.2 million was recorded in profit or loss for the year.

Pledged as security

The following assets have been pledged as security for the secured long-term borrowings note 19 and 20:

	Group		Company	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
Land and buildings	**4 409 760**	3 617 590	**3 334 075**	2 821 027
Furniture and fixtures	**25 166**	27 844	**9 507**	14 058
Computer equipment	**12 829**	22 012	**3 006**	10 399
Motor vehicles	**49 551**	50 114	**46 553**	46 393
Premises equipment	**6 876**	5 342	**–**	–
Office equipment	**344**	481	**–**	–

Borrowing costs capitalised

	Group		Company	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
Borrowing costs capitalised to qualifying assets	**52 349**	34 667	**51 160**	32 558
Capitalisation rate used	**10.13%**	10.06%	**10.13%**	10.06%

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

In the current year, R48 million was reclassified from Land and buildings to Other financial assets with respect to the comparative year 31 December 2015 in the consolidated and separate statement of financial position. The capital expenditure incurred is recoverable from the landlord and the property will be leased from the landlord in the future. The reclassification had no effect on the consolidated and separate statement of financial position in the previous year other than to more appropriately reflect the nature of the underlying transaction.

5. Goodwill

Group

	2016			2015		
	Cost	**Accumulated impairment**	**Carrying value**	Cost	Accumulated impairment	Carrying value
	R'000	**R'000**	**R'000**	R'000	R'000	R'000
Goodwill	**433 677**	**(5 565)**	**428 112**	338 060	(5 565)	332 495

Company

	2016			2015		
	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**	63 437	(5 565)	57 872

Reconciliation of goodwill – group – 2016

	Opening balance	**Additions through business combinations**	**Closing balance**
	R'000	**R'000**	**R'000**
Goodwill	**332 495**	**95 617**	**428 112**

Reconciliation of goodwill – group – 2015

	Opening balance	Impairment provision	Closing balance
	R'000	R'000	R'000
Goodwill	337 883	(5 388)	332 495

Reconciliation of goodwill – company – 2016

	Opening balance	**Closing balance**
	R'000	**R'000**
Goodwill	**57 872**	**57 872**

Reconciliation of goodwill – company – 2015

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

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 indicators that goodwill might be impaired.

5. Goodwill (continued)

When testing goodwill for impairment, the recoverable amounts of the CGUs, which are 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 in learner numbers and terminal growth rates. Management estimates discount rates using rates that reflect current market data available and these rates are adjusted for risks specific to the CGU. The terminal growth rate is based on the tuition fee increases and reflects experience. Growth in learner numbers is based on experience and current capacity.

The group and company prepare cash flow forecasts based on the CGU's budgeted results as approved by the board of directors and extrapolated cash flows beyond this period based on the terminal growth rate of 10% (2015: 10%).

Impairment tests for CGUs containing goodwill are based on the following assumptions:

Group	**Discount rate 2016**	Discount rate 2015	**Forecast period 2016**	Forecast period 2015	**Goodwill 2016 R'000**	Goodwill 2015 R'000
Curro schools	**15% p.a.**	15% p.a.	**5 years**	5 to 11 years	**100 814**	63 614
Aurora College	**15% p.a.**	15% p.a.	**5 years**	5 years	**15 485**	15 485
Woodhill College	**15% p.a.**	15% p.a.	**5 years**	5 years	**59 191**	59 191
Campus and Property Management Company (Pty) Ltd	**15% p.a.**	15% p.a.	**5 years**	5 to 11 years	**96 337**	96 337
Embury Institute for Higher Education (Pty) Ltd	**15% p.a.**	15% p.a.	**5 years**	5 years	**39 924**	39 924
Waterstone College (Pty) Ltd	**15% p.a.**	15% p.a.	**5 years**	5 years	**57 944**	57 944
Curro Education Namibia (Pty) Ltd	**15% p.a.**	–	**5 years**	–	**58 417**	–
					428 112	332 495

Company	**Discount rate 2016**	Discount rate 2015	**Forecast period 2016**	Forecast period 2015	**Goodwill 2016 R'000**	Goodwill 2015 R'000
Curro schools	**15% p.a.**	15% p.a.	**5 years**	5 to 11 years	**57 872**	57 872

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

Aurora College, Woodhill College, Campus and Property Management Company (Pty) Ltd, Embury Institute for Higher Education (Pty) Ltd, Waterstone College (Pty) Ltd and Curro Education Namibia (Pty) Ltd represent the CGUs that have been assessed as significant by management in terms of IAS 36 paragraph 134.

All other CGUs have been represented in aggregate as Curro schools in accordance with IAS 36 paragraph 135.

6. Intangible assets

Group

	2016			2015		
	Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation and impairment	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Trademarks	73 549	(291)	73 258	69 157	(291)	68 866
Curriculum material	58 719	(1 325)	57 394	29 674	(822)	28 852
Learner enrolments	62 375	(25 887)	36 488	57 056	(20 821)	36 235
Total	194 643	(27 503)	167 140	155 887	(21 934)	133 953

Company

	2016			2015		
	Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation and impairment	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Trademarks	13 627	(237)	13 390	12 584	(237)	12 347
Curriculum material	38 654	(1 325)	37 329	22 149	(822)	21 327
Learner enrolments	27 721	(12 098)	15 623	26 913	(9 257)	17 656
Total	80 002	(13 660)	66 342	61 646	(10 316)	51 330

Reconciliation of intangible assets – group – 2016

	Opening balance	Additions through business combinations	Internally generated	Other changes, movements	Amortisation	Closing balance
	R'000	R'000	R'000	R'000	R'000	R'000
Trademarks	68 866	3 349	–	1 043	–	73 258
Curriculum material	28 852	–	29 044	–	(502)	57 394
Learner enrolments	36 235	5 319	–	–	(5 066)	36 488
	133 953	8 668	29 044	1 043	(5 568)	167 140

Reconciliation of intangible assets – group – 2015

	Opening balance	Additions through business combinations	Internally generated	Amortisation	Impairment loss	Closing balance
	R'000	R'000	R'000	R'000	R'000	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

6. Intangible assets (continued)

Reconciliation of intangible assets – company – 2016

	Opening balance R'000	Internally generated R'000	Other changes, movements R'000	Amortisation R'000	Closing balance R'000
Trademarks	**12 347**	**–**	**1 043**	**–**	**13 390**
Curriculum material	**21 327**	**16 504**	**–**	**(502)**	**37 329**
Learner enrolments	**17 656**	**–**	**–**	**(2 033)**	**15 623**
	51 330	**16 504**	**1 043**	**(2 535)**	**66 342**

Reconciliation of intangible assets – company – 2015

	Opening balance R'000	Additions through business combinations R'000	Internally generated R'000	Amortisation loss	Impairment provision	Closing balance 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

Other information

The useful life of trademarks are considered indefinite as it relates to acquired schools that operate under an existing brand. It is not bound by any expiry period and there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the Group and Company.

Intangible assets with indefinite useful lives are assessed for impairment annually, irrespective of whether or not there is any indication of impairment, or more frequently if there are indicators that intangibles might be impaired. Refer to note 5 for the details regarding the impairment assessments performed.

7. Investment in subsidiaries

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

Name of company

Name of company	**% holding 2016**	% holding 2015	**Carrying amount R'000 2016**	Carrying amount R'000 2015
Aurora College (Pty) Ltd	**–**	100	**–**	–
Building Blocks Prep School (Pty) Ltd	**100**	–	**–**	–
Campus and Property Management Company (Pty) Ltd	**65**	65	**–**	–
Curro Holdings Limited Share Incentive Trust	**100**	100	**–**	–
Curro Education Namibia (Pty) Ltd	**100**	–	**–**	–
Curro Funding Company (Pty) Ltd	**100**	100	**–**	–
De Jager Kids (Pty) Ltd	**100**	–	**–**	–
Dream Park Village (Pty) Ltd	**100**	100	**3 148**	3 148
Educatum Management Services (Pty) Ltd	**–**	100	**–**	–
Embury Institute for Higher 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**	100	**81 675**	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	**–**	–
Woodhill College Property Holdings (Pty) Ltd	**100**	100	**140 000**	140 000
			438 937	438 937

The carrying amounts of subsidiaries are shown net of impairment losses. All subsidiaries are incorporated in the Republic of South Africa with the exception of Curro Education Namibia (Pty) Ltd which is incorporated in Namibia with the principal place of business being Namibia.

Aurora College (Pty) Ltd, Educatum Management Services (Pty) Ltd and Woodhill College (Pty) Ltd had no trading activities since 2014 and was liquidated during 2016.

The new investments during 2016 in subsidiaries (Curro Education Namibia (Pty) Ltd, Building Blocks Prep School (Pty) Ltd and De Jager Kids (Pty) Ltd) are carried at R100 each. Investments in Building Blocks Prep School (Pty) Ltd and De Jager Kids (Pty) Ltd of R87.9 million was impaired due to the divisionalisation thereof through the dividend in specie declared. (refer to note 33).

Subsidiaries with material non-controlling interests

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

Subsidiary	Principal place of business	% ownership interest held by non-controlling interest 2016	2015
Campus and Property Management Company (Pty) Ltd	South Africa	**35%**	35%
Meridian Operations Company (RF) NPC	South Africa	**35%**	35%

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	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000
Assets						
Non-current assets	**627 781**	588 116	**–**	–	**627 781**	588 116
Current assets	**22 865**	66 214	**28 411**	26 667	**51 276**	92 881
Total assets	**650 646**	654 330	**28 411**	26 667	**679 057**	680 997
Liabilities						
Non-current liabilities	**652 446**	649 958	**–**	–	**652 446**	649 958
Current liabilities	**35 672**	17 175	**29 468**	40 078	**65 140**	57 253
Total liabilities	**688 118**	667 133	**29 468**	40 078	**717 586**	707 211
Total net liabilities	**(37 472)**	(12 803)	**(1 057)**	(13 411)	**(38 529)**	(26 214)
Non-controlling interest per statement of financial position					**(11 671)**	(7 361)

7. Investment in subsidiaries (continued)

Summarised statement of comprehensive income

	Campus and Property Management Company (Pty) Ltd		Meridian Operations Company (RF) NPC		Total	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000
Revenue	**98 504**	90 309	**176 289**	145 146	**274 793**	235 455
Operating expenses	**(69 936)**	(50 856)	**(165 432)**	(152 579)	**(235 368)**	(203 435)
Earnings (loss) before interest and taxation	**28 568**	39 453	**10 857**	(7 433)	**39 425**	32 020
Net finance (costs) income	**(62 622)**	(55 213)	**1 497**	968	**(61 125)**	(54 245)
Taxation	**9 387**	4 160	**–**	–	**9 387**	4 160
(Loss) profit for the year	**(24 667)**	(11 600)	**12 354**	(6 465)	**(12 313)**	(18 065)
Loss allocated to non-controlling interest					**(4 310)**	(6 323)

Summarised statement of cash flows

	Campus and Property Management Company (Pty) Ltd		Meridian Operations Company (RF) NPC		Total	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000
Cash flows from operating activities	**65 641**	44 712	**(387)**	11 519	**65 254**	56 231
Cash flows from investing activities	**(51 933)**	(22 938)	**–**	(613)	**(51 933)**	(23 551)
Cash flows from financing activities	**(32 219)**	(2 556)	**–**	–	**(32 219)**	(2 556)
Net (decrease) increase in cash	**(18 511)**	19 218	**(387)**	10 906	**(18 898)**	30 124

Restrictive funding arrangements:

Campus and Property Management Company (Pty) Ltd and Meridian Operations Company (RF) NPC

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 arrangements restrict the use of funding and cash to the operations of Meridian Operations Company (RF) NPC and Campus and Property Management Company (Pty) Ltd, collectively referred to as the Meridian schools.

8. Investment in associate

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

Group **Name of company**	**% ownership interest 2016**	% ownership interest 2015	**Carrying amount R'000 2016**	Carrying amount R'000 2015
GRIT Procurement Solutions (Pty) Ltd	**40 %**	40 %	**10 794**	9 554

Company **Name of company**	**% ownership interest 2016**	% ownership interest 2015	**Carrying amount R'000 2016**	Carrying amount R'000 2015
GRIT Procurement Solutions (Pty) Ltd	**40 %**	40	**6 000**	6 000

GRIT Procurement Solutions (Pty) Ltd is incorporated in the Republic of South Africa.

The associate is not material to the group and therefore summarised financial information is not presented.

9. Loans to (from) group companies

	Group		Company	
Subsidiaries	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000
Campus and Property Management Company (Pty) Ltd The loan bears interest at a three-month JIBAR plus 10% per annum. Repayments are expected to commence in 2028.	**–**	–	**50 809**	50 134
Campus and Property Management Company (Pty) Ltd The loan is interest free, unsecured and there are no fixed terms of repayment.	**–**	–	**9 267**	9 087
Curro Holdings Limited Share Incentive Trust The secured loans are to employees, bear interest at the SARS fringe benefit rate, currently 8%, and are repayable within three years from grant date.	**–**	–	**32 686**	11 675
Curro Education Namibia (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	**–**	–	**182 288**	–
Curro Funding Company (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	**–**	–	**(907)**	–
Dream Park Village (Pty) Ltd The loan is interest free, unsecured and there are no fixed terms of repayment.	**–**	–	**3 185**	3 181
Embury Institute for Higher Education (Pty) Ltd The loan is interest free, unsecured and there are no fixed terms of repayment.	**–**	–	**210 664**	(4 227)
Plot One Hundred Bush Hill (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	**–**	–	**22 265**	21 010
Sheerprops 129 (Pty) Ltd The loan is interest free, unsecured and there are no fixed terms of repayment.	**–**	–	**8 927**	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.	**–**	–	**43 099**	53 503
Woodhill College Property Holdings (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	**–**	–	**58 596**	55 118
			621 780	207 280
Disclosed as follows:				
Non-current assets	**–**	–	**79 860**	59 576
Current assets	**–**	–	**542 827**	151 931
Current liabilities	**–**	–	**(907)**	(4 227)
	–	–	**621 780**	207 280

10. Other financial assets

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
At fair value through profit or loss – held for trading				
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	**1 182**	16 836	**1 182**	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%.				
	1 182	19 852	**1 182**	19 852
Loans and receivables				
Loans to directors and employees	**31 042**	11 673	**–**	–
The loans bear interest at the SARS fringe benefit rate, currently 8%, 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.				
Portimix (Pty) Ltd	**239 659**	47 909	**239 659**	47 909
The loan is secured by property, bears no interest, and will be repaid upon completion of the building construction, which is anticipated in 2017.				
Former owners of Building Blocks Prep School (Pty) Ltd	**625**	–	**625**	–
The loan is unsecured, bears no interest and has no fixed repayment terms.				
	271 326	59 582	**240 284**	47 909
Total other financial assets	**272 508**	79 434	**241 466**	67 761
Non-current assets				
At fair value through profit or loss	**1 182**	19 852	**1 182**	19 852
Loans and receivables	**28 032**	9 440	**625**	–
	29 214	29 292	**1 807**	19 852
Current assets				
Loans and receivables	**243 294**	50 142	**239 659**	47 909
	272 508	79 434	**241 466**	67 761

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 and company

	2016		2015	
	Assets R'000	**Liabilities R'000**	Assets R'000	Liabilities R'000
Interest rate swaps – cash flow hedges	**1 182**	**597**	19 852	–
Non-current portion	**1 182**	**597**	19 852	–

The 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 from the reporting date.

No ineffective portion of the cash flow hedges were recognised during the year (2015: RNil).

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2016 were R512.5 million (2015: R512.5 million).

At 31 December 2016, the fixed interest rates vary from 7.43% to 7.85% (2015: 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 2016 will be continuously released to the statement of comprehensive income until the repayment of the borrowings.

12. Deferred tax liability

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Property plant and equipment	**(419 463)**	(259 923)	**(245 468)**	(168 872)
Prepaid expenditure	**(15 184)**	(2 079)	**(11 894)**	(1 280)
Interest rate swaps	**(164)**	–	**(164)**	–
Intangible assets	**(32 167)**	(27 663)	**(7 638)**	(8 200)
Income received in advance	**39 445**	27 516	**31 554**	23 717
Provision for bonuses	**3 433**	–	**3 217**	–
Donations	**6 160**	–	**–**	–
Tax losses available for set off against future taxable income	**99 873**	73 585	**73 830**	56 899
Total deferred tax liability	**(318 067)**	(188 564)	**(156 563)**	(97 736)
Reconciliation of net deferred tax liability				
At beginning of year	**(188 564)**	(165 624)	**(97 736)**	(73 362)
Originating temporary differences on:				
Property, plant and equipment	**(159 540)**	(54 692)	**(76 595)**	(49 620)
Prepaid expenditure	**(13 105)**	3 454	**(10 614)**	912
Intangible assets	**(4 504)**	(1 818)	**562**	596
Income received in advance	**11 930**	654	**7 837**	2 244
Provision for doubtful debts	**–**	(427)	**–**	(370)
Provision for bonuses	**3 433**	–	**3 217**	–
Donations	**6 160**	–	**–**	–
Interest rate swaps	**(164)**	–	**(164)**	–
Increase in tax losses available for set off against future taxable income	**26 287**	29 889	**16 931**	21 864
	(318 067)	(188 564)	**(156 562)**	(97 736)

The statutory companies within the group are individually in a net deferred tax liability position.

12. Deferred tax liability (continued)

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		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Merchandise	**9 777**	8 392	**642**	1 365

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

14. Trade and other receivables

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Gross receivable	**29 430**	19 809	**94 777**	58 969
Provision for impairment	**–**	–	**–**	–
Trade receivables	**29 430**	19 809	**94 777**	58 969
Prepayments	**33 151**	8 965	**30 412**	6 500
Deposits	**6 006**	4 775	**317**	255
Value added taxation	**13 677**	2 121	**5 266**	2 089
Other receivables	**2 920**	740	**79**	80
	85 184	36 410	**130 851**	67 893

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 normal payment terms are that all fees should be settled within 30 days.

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

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

Except for Waterstone College (Pty) Ltd with a R66 million (2015: R33 million) balance in company, no individual debtor represents more than 10% of the total debtors balance in the current or prior year.

Trade 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 2016, R10.9 million (2015: R10.0 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 2016, R7.7 million (2015: R7.5 million) were past due but not impaired.

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
1 month past due	**5 722**	4 585	**4 021**	3 273
2 months past due	**3 176**	2 662	**2 213**	1 991
3 months past due	**2 044**	2 790	**1 488**	2 252
	10 942	10 037	**7 722**	7 516

Trade receivables impaired

Group
As of 31 December 2016, trade and other receivables of RNil (2015: RNil) were impaired and provided for.

Company
As of 31 December 2016, trade and other receivables of RNil (2015: RNil) were impaired and provided for.

Reconciliation of provision for impairment

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Opening balance	**–**	4 144	**–**	3 564
Provision for impairment	**24 062**	12 004	**18 797**	9 241
Amounts written off as uncollectable	**(24 062)**	(16 148)	**(18 797)**	(12 805)
	–	–	**–**	–

15. Cash and cash equivalents

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Cash and cash equivalents consist of:				
Bank balances	**705 657**	230 526	**530 948**	166 616

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	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Amount of undrawn facilities available as at 31 December	**372 000**	414 000	**225 000**	300 000

16. Share capital

	Group		Company	
	2016	2015	**2016**	2015
Authorised				
Ordinary shares with no par value ('000)	**600 000**	600 000	**600 000**	600 000
Issued				
Ordinary shares with no par value (R'000)	**4 556 399**	2 834 177	**4 677 107**	2 877 532
Reconciliation of number of shares issued:				
Reported as at 01 January 2016 ('000)	**356 867**	325 596	**356 867**	325 596
Issue of shares ('000)	**50 285**	31 271	**50 285**	31 271
	407 152	356 867	**407 152**	356 867

Unissued ordinary shares of 38 931 026 are under the control of the directors in terms of a shareholders' resolution passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

17. Share-based payments

17.1 Details of the employee share option plan of the company

The company has established a share incentive plan for certain key members of management.

Each employee's share option converts into one ordinary share of the company upon exercise and payment of the exercise price. No amounts are paid or payable by the recipient on receipt of the option. The exercise

17.1 Details of the employee share option plan of the company (continued)

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. The options only vest if the recipient is still in employment.

Options may be exercised at any time from the date of vesting to the date of expiry, which is a 30-day period. Options 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 is adjusted when necessary to take into consideration the effect of any rights offers. This adjustment does not result in an incremental increase in the 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:

	2016		**2015**	
	Number of options	**Weighted average exercise price (Rand)**	Number of options	Weighted average exercise price (Rand)
Outstanding at the beginning of the year	**6 551 570**	**22.66**	6 526 293	18.61
Awarded during the year	**1 597 400**	**42.01**	1 722 200	35.42
Exercised during the year	**(2 179 131)**	**9.48**	(1 671 570)	9.48
Forfeited during the year	**(127 800)**	**18.06**	(25 353)	18.06
Outstanding at the end of the year	**5 842 039**	**31.10**	6 551 570	22.66

The number of shares available to award at the reporting date in terms of the Curro Holdings Limited Share Incentive Trust deed is 7 318 444 (2015: 5 527 455) shares.

Details of share options granted to and exercised by directors:

Director	**Opening balance of share options awarded at 1 January 2016**	**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 2016**
CR van der Merwe	**210 791**	**–**	**(210 791)**	5.93	4.50	2011/09/29	**–**
	93 778	**–**	**(46 889)**	17.10	15.10	2012/09/29	**46 889**
	301 181	**–**	**(100 394)**	19.61	18.44	2013/09/29	**200 787**
	134 200	**–**	**(33 550)**	25.58	24.62	2014/09/29	**100 650**
	197 200	**–**	**–**	35.42	34.91	2015/09/29	**197 200**
	–	**140 200**	**–**	42.01	42.01	2016/09/29	**140 200**
	937 150	**140 200**	**(391 624)**				**685 726**
AJF Greyling	**180 228**	**–**	**(180 228)**	5.93	4.50	2011/09/29	**–**
	71 261	**–**	**(35 631)**	17.10	15.10	2012/09/29	**35 630**
	177 898	**–**	**(59 300)**	19.61	18.44	2013/09/29	**118 598**
	93 900	**–**	**(23 475)**	25.58	24.62	2014/09/29	**70 425**
	120 600	**–**	**–**	35.42	34.91	2015/09/29	**120 600**
	–	**95 800**	**–**	42.01	42.01	2016/09/29	**95 800**
	643 887	**95 800**	**(298 634)**				**441 053**

Director	Opening balance of share options awarded at 1 January 2016	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 2016
B van der Linde	**102 345**	**–**	**(102 345)**	5.93	4.59	2011/09/29	**–**
	47 612	**–**	**(23 807)**	17.10	15.32	2012/09/29	**23 805**
	128 944	**–**	**(42 981)**	19.61	18.71	2013/09/29	**85 963**
	78 700	**–**	**(19 675)**	25.58	24.98	2014/09/29	**59 025**
	84 700	**–**	**–**	35.42	34.91	2015/09/29	**84 700**
	–	**67 200**	**–**	42.01	42.01	2016/09/29	**67 200**
	442 301	**67 200**	**(188 808)**				**320 693**
HG Louw	**122 934**	**–**	**(122 934)**	5.93	4.59	2011/09/29	**–**
	49 772	**–**	**(24 887)**	17.10	15.32	2012/09/29	**24 885**
	137 184	**–**	**(45 728)**	19.61	18.71	2013/09/29	**91 456**
	63 500	**–**	**(15 875)**	25.58	24.98	2014/09/29	**47 625**
	87 300	**–**	**–**	35.42	34.91	2015/09/29	**87 300**
	–	**68 800**	**–**	42.01	42.01	2016/09/29	**68 800**
	460 690	**68 800**	**(209 424)**				**320 066**
	2 484 028	**372 000**	**(1 088 490)**				**1 767 538**

624 916 shares are offered as security for the loans provided by Curro Holdings Limited Share Incentive Trust.

Vesting year	Number of options outstanding	Weighted average strike price (Rand)
29 September 2017	1 560 755	24.40
29 September 2018	1 735 659	29.66
29 September 2019	1 326 925	33.11
29 September 2020	819 350	38.37
29 September 2021	399 350	42.01
	5 842 039	31.10

17.3 Share option expense for the year

Total expenses of R14.3 million (2015: R11.5 million) relating to equity-settled share-based payment transactions were recognised in operating expenses within profit or loss 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:

	2016	2015
Strike price (Rand)	**42.01**	35.42
Current share price (Rand)	**42.01**	35.42
Fair value (Rand)	**15.05**	10.25
Volatility (%)	**34.44**	25.34
Risk free rate (%)	**8.01**	6.78
Dividend yield (%)	**–**	–

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

The volatility is derived from the movement in the volume-weighted average share price for a period of 365 calender 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	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
Balance as at beginning of the year	**21 466**	(3 240)	**21 466**	(3 240)
Recognition of fair value movement, after taxation	**(20 765)**	24 706	**(20 765)**	24 706
Balance at the end of the year	**701**	21 466	**701**	21 466

19. Other financial liabilities

	Group		Company	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
At fair value through profit or loss – held for trading				
Interest rate swap	**60**	–	**60**	–
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	**537**	–	**537**	–
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%.				
Total at fair value through profit or loss	**597**	–	**597**	–

	Group		Company	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
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.	**34 132**	36 727	**34 132**	36 727
Development Bank of South Africa The secured loan bears interest at 12.11% per annum, payable in bi-annual instalments. Repayable during the period August 2015 to August 2029.	**144 445**	150 000	**144 445**	150 000
Development Bank of South Africa Consists of two secured loans bearing interest at 9.57% and 12.03% per annum, payable in monthly and bi-annual instalments respectively. Repayable during March 2027 and October 2029.	**8 147**	8 446	**8 147**	8 446
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.	**8 278**	10 618	**–**	–
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 – prepaid block The secured debentures are interest free and are repaid through set off against annual school fees over the relevant period.	**2 994**	5 008	**276**	1 289
Old Mutual Assurance Group South Africa (Pty) Ltd The loan bears interest at various rates from 4% to 10% linked to a three-month JIBAR rate. The loan has a 15-year term. Repayable during the period 2018 to 2027. Refer restrictive funding arrangement disclosure below.	**132 566**	122 286	**–**	–
Senior secured floating rate notes (stock code COH001) The notes bear interest at a three-month JIBAR plus 2.75%. The date of maturity is 26 November 2018.	**151 371**	151 329	**151 371**	151 329
Senior secured floating rates notes (stock code COH002) The notes bear interest to a three-month JIBAR plus 2.60%. The date of maturity is 15 April 2019.	**127 558**	127 349	**127 558**	127 349
Schools and Education Investment Impact Fund of South Africa (SEIIFSA) The loan bears interest at various rates from 4% to 10% linked to a three-month JIBAR rate. The loan has a 15-year term. Repayable during the period 2018 to 2027. Refer restrictive funding arrangement disclosure below.	**458 289**	457 485	**–**	–
Standard Bank of South Africa Ltd (First Bullet Facility) The secured loan bears interest at a three-month JIBAR plus 2.35%, payable in December 2019.	**425 000**	450 000	**425 000**	450 000
Standard Bank of South Africa Ltd (Second Bullet Facility) The secured loan bears interest at a three-month JIBAR plus 2.15%, payable in December 2020.	**50 000**	50 148	**50 000**	50 148

19. Other financial liabilities (continued)

	Group		Company	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
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.	**16 863**	29 164	**16 863**	29 164
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.	**174**	283	**174**	283
Other loan The loan bears no interest and is not repayable within the next 12 months.	**298**	298	**298**	298
Sanlam The secured loan bears interest at a three-month JIBAR plus 2.35%, payable in December 2019.	**100 000**	–	**100 000**	–
Transaction costs incurred	**(10 078)**	(9 908)	**(8 824)**	(8 540)
Total at amortised cost	**1 650 237**	1 589 433	**1 049 640**	996 693
	1 650 834	1 589 433	**1 050 237**	996 693
Non-current liabilities				
Fair value through profit or loss	**597**	–	**597**	–
At amortised cost	**1 623 054**	1 561 250	**1 022 457**	968 510
	1 623 651	1 561 250	**1 023 054**	968 510
Current liabilities				
At amortised cost	**27 183**	28 183	**27 183**	28 183
	1 650 834	1 589 433	**1 050 237**	996 693

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 arrangements restrict the use of the funding and cash to the operations of Meridian Operations Company NPC (RF) and Campus and Property Management Company (Pty) Ltd, collectively referred to as the Meridian schools.

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 office of the company.
- The Schools and Education Investment Impact Fund of South Africa and the Old Mutual Assurance Group South Africa (Pty) Ltd.

As part of the 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 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	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
Minimum lease payments due				
- within one year	**27 447**	29 593	**27 447**	29 593
- in second to fifth year inclusive	**41 630**	44 800	**41 630**	44 800
	69 077	74 393	**69 077**	74 393
less: future finance charges	**(17 908)**	(8 219)	**(17 908)**	(8 219)
Present value of minimum lease payments	**51 169**	66 174	**51 169**	66 174
Present value of minimum lease payments due				
- within one year	**22 710**	25 197	**22 710**	25 197
- in second to fifth year inclusive	**28 459**	40 977	**28 459**	40 977
	51 169	66 174	**51 169**	66 174

The Group and Company's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 4. The material leasing arrangement are disclosed in note 19.

21. Trade and other payables

	Group		Company	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
Income received in advance	**171 225**	115 114	**119 982**	84 703
Trade payables	**38 870**	37 786	**39 359**	37 094
Development and acquisition payables	**90 850**	6 000	**51 470**	6 000
Accrued expense	**77 988**	53 986	**58 421**	42 130
Entrance deposits	**4 720**	4 860	**3 142**	3 282
Value-added taxation	**2 840**	2 237	**162**	277
Onerous contracts	**2 380**	672	**1 692**	672
Other payables	**–**	–	**–**	14 248
	388 873	220 655	**274 228**	188 406

21. Trade and other payables (continued)

Credit periods vary, but ordinarily the Group and Company do not make use of trade credit facilities. Unpaid amounts are accrued for until settled.

The carrying values of trade and other payables approximate their fair values.

The Group and Company have credit risk policies in place to ensure that all payables are paid within the agreed terms.

Income received in advance is repayable to parents if the learner were to leave the school and is therefore a financial liability.

Development and Acquisition payables was reclassified from other payables with respect to the comparative year 31 December 2015. The reclassification had no effect on the consolidated and separate statement of financial position other than to enhance the comparability of the balances within this note.

22. Revenue

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Rendering of services	**1 761 077**	1 383 739	**1 319 318**	1 049 851
The amount included in revenue:				
Registration and tuition fees	**1 630 779**	1 274 698	**1 253 465**	994 239
Other income	**75 606**	55 780	**55 795**	50 745
Hostel fees	**59 446**	56 290	**12 731**	7 128
Aftercare fees	**46 658**	38 970	**40 096**	33 640
Tablet curriculum fees	**27 352**	17 661	**25 841**	16 413
Bus income	**20 451**	17 234	**20 143**	17 094
Rental income	**6 745**	6 384	**6 637**	6 150
Subsidy income	**2 575**	2 987	**–**	–
Discounts granted	**(108 535)**	(86 265)	**(95 390)**	(75 558)
	1 761 077	1 383 739	**1 319 318**	1 049 851

23. Earnings before interest and taxation

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

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Operating lease charges				
Premises – contractual amounts	**5 222**	8 976	**17 618**	20 465
Equipment – contractual amounts	**19 746**	12 030	**17 183**	10 768
	24 968	21 006	**34 801**	31 233
(Loss) profit on sale of property, plant and equipment	**(494)**	(30)	**(169)**	211
Loss on capital contribution – share incentive plan	**–**	–	**(77 353)**	(43 355)
Amortisation on intangible assets	**5 568**	5 221	**2 535**	2 318
Depreciation on property, plant and equipment	**102 174**	80 287	**85 268**	64 943
Employee costs	**935 538**	738 269	**715 700**	577 697
Repairs and maintenance	**28 113**	19 858	**22 403**	16 467
Bad debts written off	**24 314**	16 452	**18 797**	12 805

24. Investment income

	Notes	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
Dividend received					
Subsidiaries – local		**–**	–	**25 486**	–
Interest received					
Bank		**56 233**	26 444	**47 470**	22 554
Interest charged on trade and other receivables		**2 271**	981	**1 895**	645
Related parties	35	**–**	–	**27 316**	9 698
		58 504	27 425	**76 681**	32 897
		58 504	27 425	**102 167**	32 897

Interest received relates to financial assets that are not designated as at fair value through profit or loss.

25. Finance costs

	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
Borrowings	**179 588**	151 925	**112 275**	93 284
Bank	**137**	479	**53**	479
Other interest paid	**14**	99	**7**	–
Less: Interest capitalised	**(52 349)**	(34 667)	**(51 160)**	(32 558)
	127 390	117 836	**61 175**	61 205

The capitalisation rate used for the group and company during the period was 10.1% (2015: 10.1%) on general borrowings for capital projects.

Finance costs relate to financial liabilities that are not designated as at fair value through profit or loss.

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

26. Taxation

Major components of the tax expense

	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
Current taxation				
Local income tax – current period	**7 328**	4 365	**–**	–
Deferred taxation				
Temporary differences – current period	**35 733**	21 791	**39 740**	22 928
Capital gains tax rate change	**3 730**	–	**1 247**	–
Arising from prior period adjustments	**996**	(2 884)	**996**	(2 884)
	40 459	18 907	**41 983**	20 044
	47 787	23 272	**41 983**	20 044

26. Taxation (continued)

Reconciliation of the tax expense

Reconciliation between applicable tax rate and effective tax rate

	Group		Company	
	2016	2015	**2016**	2015
Applicable tax rate	**28.0%**	28.0%	**28.0%**	28.0%
Non-taxable income – gain on bargain purchase	**(1.9)%**	(1.0)%	**(6.9)%**	(1.9)%
Non-taxable income – profit on sale of property, plant and equipment	**0.1%**	–	**(0.1)%**	(0.1)%
Non-taxable income – share of profit of associate	**(0.1)%**	(0.2)%	**–**	–
Non-deductible expenditure – share-based payment expenditure	**1.9%**	2.8%	**6.9%**	5.2%
Non-deductible expenditure – impairment losses	**1.5%**	1.5 %	**46.5%**	2.7%
Non-deductible expenditure – amortisation of intangible assets	**–**	0.6%	**–**	1.0%
Current year's losses in subsidiaries	**–**	1.0%	**–**	–
Deferred tax – increase in capital gains tax rate	**1.7%**	–	**2.1%**	–
Capital contribution – share incentive scheme	**(10.1)%**	(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	**0.5%**	(2.5)%	**1.7%**	(4.7)%
Other	**0.6%**	(0.4)%	**4.2%**	0.4%
Non-taxable income – dividend received in specie	**–**	–	**(12.0)%**	–
	22.2%	20.2%	**70.4%**	32.6%

Group

The estimated tax loss available for set off against future taxable income is R356.7 million (2015: R262.7 million).

Company

No provision has been made for 2016 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R263.7 million (2015: R203.2 million).

27. Auditors' remuneration

	Group		Company	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
Audit fees	**1 736**	1 217	**1 300**	964
Fees for non-audit services	**57**	25	**–**	–
	1 793	1 242	**1 300**	964

28. Operating lease

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

	Group		Company	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
Premises				
– within one year	**22 339**	12 164	**35 667**	12 164
– in second to fifth year inclusive	**188 046**	56 037	**112 435**	56 037
– later than five years	**299 114**	114 136	**171 432**	114 136
	509 499	182 337	**319 534**	182 337
Equipment				
– within one year	**7 094**	7 454	**6 548**	6 748
– in second to fifth year inclusive	**6 766**	14 047	**6 406**	12 247
	13 860	21 501	**12 954**	18 995

The Waterfall Castle, primary and college lease agreements are for an initial period of 12 years, with an option to renew. The annual escalations in the lease payments are linked to the consumer price index.

29. Other comprehensive income

Components of other comprehensive income

	Group		Company	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
Items that may be reclassified to profit or loss				
Effects of cash flow hedges				
Gross	**(20 601)**	24 706	**(20 601)**	24 706
Tax	**(164)**	–	**(164)**	–
Net	**(20 765)**	24 706	**(20 765)**	24 706

30. Earnings per share

	Group	
	2016	2015
	R'000	R'000
Basic earnings per share		
From continuing operations (cents per share)	**44.7**	27.8

Basic earnings per share was based on earnings of R171 673 million (2015: R98 344 million) and a weighted average number of ordinary shares of 384.7 million (2015: 353.6 million).

	Group	
	2016	2015
	R'000	R'000
Reconciliation of profit or loss for the year to basic earnings		
Profit or loss for the year attributable to equity holders of the parent	**171 673**	98 344

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.

30. Earnings per share (continued)

	Group 2016 R'000	Group 2015 R'000
Diluted earnings per share		
From continuing operations (cents per share)	**44.5**	27.4
Reconciliation of basic earnings to diluted earnings		
Basic earnings	**171 673**	98 344
The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:	**384 702**	353 551
Weighted average number of ordinary shares used in the calculation of basic earnings per share ('000)		
Shares deemed to be issued for no consideration in respect of:		
- Share options incentive plan ('000)	**1 681**	5 600
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	**386 383**	359 151
Headline earnings and diluted headline earnings per share		
Headline earnings per share (cents per share)	**43.9**	28.3
Diluted headline earnings per share (cents per share)	**43.7**	27.9
Reconciliation between earnings and headline earnings		
Basic earnings	**171 673**	98 344
Adjusted for:		
Loss on disposal of property, plant and equipment	**494**	30
Loss on impairment	**11 227**	6 062
Gain on bargain purchase	**(14 701)**	(4 242)
Tax effect of reconciling items	**–**	(8)
Headline earnings	**168 693**	100 186

	Group 2016 R'000	Group 2015 R'000
Reconciliation between diluted earnings and diluted headline earnings		
Diluted earnings	**171 673**	98 344
Adjusted for:		
Loss on disposal of property, plant and equipment	**494**	30
Loss on impairment	**11 227**	6 062
Gain on bargain purchase	**(14 701)**	(4 242)
Tax effect of reconciling items	**–**	(8)
Diluted headline earnings	**168 693**	100 186

Earnings per share and headline earnings per share have been adjusted for the comparative period to reflect the bonus element of the 2016 rights offer undertaken. The adjustment to basic and diluted weighted average number of shares in issue is an increase of 5.2 million and 5.3 million shares respectively for the year ended 31 December 2015.

31. Cash generated from operations

	Group		Company	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
Profit before taxation	**215 150**	115 293	**59 666**	62 014
Adjustments for:				
Depreciation and amortisation	**107 742**	85 508	**87 803**	67 261
Net loss (profit) on disposal of property, plant and equipment	**494**	30	**169**	(211)
Income from equity-accounted investments	**(977)**	(689)	**–**	–
Dividends received	**–**	–	**(25 486)**	–
Interest received	**(58 504)**	(27 425)	**(76 681)**	(32 897)
Finance costs	**127 390**	117 836	**61 175**	61 205
Impairment	**11 227**	6 062	**99 118**	6 062
Non-cash flow interest on hedge recognised through equity	**(2 030)**	1 334	**(2 030)**	1 334
Realised profit from share of profits of associates	**(263)**	(241)	**–**	–
Share-based payment expense	**14 282**	11 517	**14 282**	11 517
Gain on bargain purchase	**(14 701)**	(4 242)	**(14 701)**	(4 242)
Changes in working capital:				
(Increase) decrease in	**(1 375)**	9 780	**733**	9 649
(Increase) decrease in trade and other receivables	**(45 767)**	2 239	**(60 649)**	(26 626)
Increase (decrease) in trade and other payables	**128 639**	(55 892)	**72 387**	(31 456)
	481 307	261 110	**215 786**	123 610

32. Tax (paid) refunded

	Group		Company	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
Balance at the beginning of the year	**5 903**	1 229	**1 263**	1 266
Current tax for the year recognised in profit or loss	**(7 328)**	(4 365)	**–**	–
Balance at end of the year	**(7 433)**	(5 903)	**(1 151)**	(1 263)
	(8 858)	(9 039)	**112**	3

33. Business combinations

	Group 2016 R'000	Company 2016 R'000
Aggregated business combinations		
Property, plant and equipment	**313 997**	72 548
Intangible assets	**8 669**	–
Inventories	**10**	10
Trade and other receivables	**3 007**	–
Cash and cash equivalents	**11 703**	10 404
Other financial liabilities	**(11 854)**	(3 995)
Deferred tax liability	**(88 979)**	(16 680)
Trade and other payables	**(5 446)**	(4 733)
Total identifiable net assets	**231 107**	57 554
Goodwill	**95 617**	–
Gain on bargain purchase	**(14 701)**	(14 701)
	312 023	42 853
Consideration paid		
Cash	**(277 891)**	(35 000)
Cash consideration paid	**(7 853)**	(7 853)
Outstanding consideration payable	**(26 279)**	–
	(312 023)	(42 853)
Net cash outflow on acquisition		
Cash consideration paid	**(277 891)**	(35 000)
Cash acquired	**11 703**	10 404
	(266 188)	(24 596)
Impact of acquisitions on group results		
Revenue recognised since acquisition date	**85 813**	12 418
Profit (loss) recognised since acquisition date	**13 215**	(1 813)
Had the business combination been effective at 1 January 2016, the estimated impact would be as follows:		
Revenue	**124 303**	24 836
Profit (loss) for the period	**17 780**	(3 626)

The directors consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

Windhoek Gymnasium

Effective 1 March 2016, the group acquired the entire business operations and properties of Windhoek Gymnasium for a purchase consideration of R181 million in order to continue the expansion of the group. Windhoek Gymnasium is principally involved in the private school industry in Windhoek, Namibia.

R25 million of the purchase consideration, plus 5% interest, is payable on the first anniversary of the effective date, which will be 1 March 2017.

Goodwill of R58.4 million arising from the acquisition consists largely of the expected synergies and the established brand of the school. Goodwill is not deductible for income tax purposes.

St Conrad's College

Effective 1 July 2016, the company acquired the entire business operations and properties of St Conrad's College (St Conrad's) for a purchase consideration of R50 million in order to continue the expansion of the group. St Conrad's is principally involved in the private school industry in Klerksdorp, North West.

Additional consideration of R10 million is payable if the learner numbers reach 750 and a further R5 million becomes payable if learner numbers reach 900 learners. The consideration has been discounted at the prime lending rate of 10.5% which result in R7.3 million payable recognised at the end of the reporting period.

A bargain purchase of R 14.7 million was realised and is mainly attributable to the fair value of property, plant and equipment exceeding the purchase price.

Building Blocks

Effective 1 July 2016, the company acquired 100% of the issued shares of Building Blocks Prep School (Pty) Ltd and De Jager Kids (Pty) Ltd (Building Blocks) for a purchase consideration of R87.9 million in order to continue the expansion of the group. Property, plant and equipment to the value of R68 million was acquired in the process.

Building Blocks consists of four sites, all situated in Gauteng, that are principally involved in the nursery and primary school sector.

Goodwill of R37.2 million arising from the acquisition consists largely of the expected synergies and the established brand of the school. Goodwill is not deductible for income tax purposes.

At the same time the assets of Building Blocks were distributed to Curro as a liquidation distribution for purposes of section 47 of the Income Tax Act, No. 58 of 1962, as amended. Dividends in specie of R25.5 million were declared by Building Blocks to Curro to distribute the assets and liabilities. The dividend is net of assets (R30.6 million) and liabilities (R5.1 million).

34. Commitments and guarantees

Authorised future capital commitments

	Group		Company	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
Authorised and contracted	**127 539**	738 030	**127 539**	424 090
Authorised, but not yet contracted	**1 878 221**	1 282 970	**1 672 461**	1 282 970
	2 005 760	2 021 000	**1 800 000**	1 707 060

Any capital expenditure will be financed through internal cash generation 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 at 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.

35. Related parties

Relationships

Ultimate holding company	PSG Group Ltd
Holding company	PSG Financial Services Ltd
Subsidiaries	Refer to note 7
Associates	Refer to note 8

	Group		Company	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
Related party balances				
Loan accounts – owing (to) by related parties				
Campus and Property Management Company (Pty) Ltd	**–**	–	**60 076**	59 221
Curro Holdings Limited Share Incentive Trust	**–**	–	**32 686**	11 675
Dream Park Village (Pty) Ltd	**–**	–	**3 185**	3 181
Embury Institute for Higher Education (Pty) Ltd	**–**	–	**210 664**	(4 227)
Plot One Hundred Bush Hill (Pty) Ltd	**–**	–	**22 265**	21 010
Sheerprops 129 (Pty) Ltd	**–**	–	**8 927**	6 898
Stratland Developments (Pty) Ltd	**–**	–	**901**	901
Waterstone College (Pty) Ltd	**–**	–	**43 099**	53 503
Woodhill College Property Holdings (Pty) Ltd	**–**	–	**58 596**	55 118
Curro Funding Company (Pty) Ltd	**–**	–	**(907)**	–
Curro Education Namibia (Pty) Ltd	**–**	–	**182 288**	–
Amounts included in trade and other receivables regarding related parties				
Campus and Property Management Company (Pty) Ltd	**–**	–	**2 825**	2 487
GRIT Procurement Solutions (Pty) Ltd	**26 326**	1 170	**26 326**	1 170
Meridian Operations Company (RF) NPC	**–**	–	**1 407**	550
Plot One Hundred Bush Hill (Pty) Ltd	**–**	–	**276**	1 776
Woodhill College Property Holdings (Pty) Ltd	**–**	–	**463**	4 636
Waterstone College (Pty) Ltd	**–**	–	**66 124**	32 538
Amounts included in trade and other payables regarding related parties				
Campus and Property Management Company (Pty) Ltd	**–**	–	**(300)**	(14 272)
GRIT Procurement Solutions (Pty) Ltd	**(20 119)**	(14 302)	**(18 008)**	(11 657)
Meridian Operations Company (RF) NPC	**–**	–	**–**	(69)
Plot One Hundred Bush Hill (Pty) Ltd	**–**	–	**(5 335)**	(3 552)
PSG Corporate Services (Pty) Ltd	**(99)**	(29)	**(99)**	(29)
Related party transactions				
Interest paid to/(received) from related parties				
Curro Holdings Limited Share Incentive Trust	**–**	–	**(1 226)**	(508)
GRIT Procurement Solutions (Pty) Ltd	**–**	(295)	**–**	(295)
Plot One Hundred Bush Hill (Pty) Ltd	**–**	–	**(1 974)**	(1 790)
Waterstone College (Pty) Ltd	**–**	–	**(4 627)**	(2 480)
Woodhill College Property Holdings (Pty) Ltd	**–**	–	**(5 456)**	(4 625)

	Group		Company	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
Purchases from related parties				
GRIT Procurement Solutions (Pty) Ltd	**122 427**	67 308	**109 609**	60 030
Administration fees paid to related parties				
PSG Corporate Services (Pty) Ltd	**845**	1 323	**845**	1 323
Share issue costs paid to related parties				
PSG Corporate Services (Pty) Ltd	**25 132**	13 425	**25 132**	13 425
Management fees received from related parties				
Campus and Property Management Company (Pty) Ltd	**–**	–	**(8 155)**	(7 719)
Meridian Operations Company (RF) NPC	**–**	–	**(2 324)**	(2 200)
Rent paid to (received from) related parties				
GRIT Procurement Solutions (Pty) Ltd	**543**	(805)	**543**	(805)
Plot One Hundred Bush Hill (Pty) Ltd	**–**	–	**1 750**	1 667
Woodhill College Property Holdings (Pty) Ltd	**–**	–	**13 003**	12 249
Compensation to directors and other key management				
Short-term employee benefits	**17 128**	15 754	**17 128**	15 754

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior year for bad or doubtful debts in respect of the amounts owed by related parties.

Refer to note 36 for the separate disclosed categories of compensation.

36. Directors' and prescribed officers' emoluments

Executive

	Basic salary	Expense allowances	Pension contributions paid	Bonuses	Gains on exercise of options	Total
2016	**R'000**	**R'000**	**R'000**	**R'000**		**R'000**
AJF Greyling	**1 911**	**122**	**71**	**1 304**	**11 430**	**14 838**
HG Louw	**1 450**	**244**	**102**	**1 132**	**7 971**	**10 899**
B van der Linde	**1 640**	**80**	**77**	**1 132**	**7 039**	**9 968**
CR van der Merwe	**2 580**	**122**	**47**	**1 732**	**14 617**	**19 098**
	7 581	**568**	**297**	**5 300**	**41 057**	**54 803**

	Basic salary	Expense allowances	Pension contributions paid	Bonuses	Gains on exercise of options	Total
2015	**R'000**	**R'000**	**R'000**	**R'000**		**R'000**
AJF Greyling	1 767	115	66	1 540	7 264	10 752
HG Louw	1 341	225	95	1 066	5 054	7 781
B van der Linde	1 514	74	72	1 077	4 352	7 089
CR van der Merwe	2 367	112	47	1 908	9 119	13 553
	6 989	526	280	5 591	25 789	39 175

PJ Mouton is a non-executive director of Curro Holdings Ltd and has a standard service contract with PSG Corporate Services (Pty) Ltd. His remuneration for services rendered as executive director within the PSG Group for 2016 are emoluments of R4 million and bonus- and performance-related payments of R5.3 million, which is paid by PSG Corporate Services (Pty) Ltd. During 2016 PJ Mouton's gain on the vesting of the PSG Group Ltd share options incentive plan amounted to R32.7 million.

36. Directors' and prescribed officers' emoluments (continued)

Non-executive

	Director's fee 2016 R'000	Director's fee 2015 R'000
SL Botha	**436**	395
ZL Combi	**239**	214
PJ Mouton	**202**	214
SWF Muthwa	**245**	193
B Petersen	**236**	214
	1 358	1 230

Prescribed officers

2016	**Basic salary R'000**	**Pension contributions paid R'000**	**Bonuses R'000**	**Gains on exercise of options R'000**	**Total**
S Totaram	**1 347**	**51**	**821**	**2 805**	**5 024**
R van Rensburg	**1 073**	**40**	**438**	**571**	**2 122**
	2 420	**91**	**1 259**	**3 376**	**7 146**

2015	Basic salary R'000	Pension contributions 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

37. Categories of financial instruments

	Note(s)	Financial assets at fair value through profit or loss R'000	Loans and receivables R'000	Financial liabilities at fair value through profit or loss R'000	Financial liabilities at amortised cost R'000	Total R'000
Categories of financial instruments – group – 2016						
Assets						
Non-current assets						
Other financial assets	10	1 182	28 032	–	–	29 214
Current assets						
Other financial assets	10	–	243 294	–	–	243 294
Trade and other receivables	14	–	46 027	–	–	46 027
Cash and cash equivalents	15	–	705 657	–	–	705 657
		–	**994 978**	**–**	**–**	**994 978**
Liabilities						
Non-current liabilities						
Other financial liabilities	19	–	–	597	1 623 054	1 623 651
Current liabilities						
Other financial liabilities	19	–	–	–	27 183	27 183
Trade and other payables	21	–	–	–	375 266	375 266
		–	**–**	**–**	**402 449**	**402 449**
Categories of financial instruments – group – 2015						
Assets						
Non-current assets						
Other financial assets	10	19 852	9 440	–	–	29 292
Current assets						
Other financial assets	10	–	50 142	–	–	50 142
Trade and other receivables	14	–	25 324	–	–	25 324
Cash and cash equivalents	15	–	230 526	–	–	230 526
		–	305 992	–	–	305 992
Liabilities						
Non-current liabilities						
Other financial liabilities	19	–	–	–	1 561 250	1 561 250
Current liabilities						
Other financial liabilities	19	–	–	–	28 183	28 183
Trade and other payables	21	–	–	–	218 418	218 418
		–	–	–	246 601	246 601

37. Categories of financial instruments (continued)

	Note(s)	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
		R'000	R'000	R'000	R'000	R'000
Categories of financial instruments – company – 2016						
Assets						
Non-current assets						
Loans to group companies	9	–	79 860	–	–	79 860
Other financial assets	10	1 182	625	–	–	1 807
		1 182	**80 485**	**–**	**–**	**81 667**
Current assets						
Loans to group companies	9	–	542 827	–	–	542 827
Other financial assets	10	–	239 659	–	–	239 659
Trade and other receivables	14	–	100 122	–	–	100 122
Cash and cash equivalents	15	–	530 948	–	–	530 948
		–	**1 413 556**	**–**	**–**	**1 413 556**
Liabilities						
Non-current liabilities						
Other financial liabilities	19	–	–	597	1 022 457	1 023 054
Current liabilities						
Loans from group companies	9	–	–	–	907	907
Other financial liabilities	19	–	–	–	27 183	27 183
Trade and other payables	21	–	–	–	265 565	265 565
		–	**–**	**–**	**293 655**	**293 655**
Categories of financial instruments – company – 2015						
Assets						
Non-current assets						
Loans to group companies	9	–	59 576	–	–	59 576
Other financial assets	10	19 852	–	–	–	19 852
		19 852	59 576	–	–	79 428
Current assets						
Loans to group companies	9	–	151 931	–	–	151 931
Other financial assets	10	–	47 909	–	–	47 909
Trade and other receivables	14	–	59 304	–	–	59 304
Cash and cash equivalents	15	–	166 616	–	–	166 616
		–	425 760	–	–	425 760
Liabilities						
Non-current liabilities						
Other financial liabilities	19	–	–	–	968 510	968 510
Current liabilities						
Loans from group companies	9	–	–	–	4 227	4 227
Other financial liabilities	19	–	–	–	28 183	28 183
Trade and other payables	21	–	–	–	188 406	188 406
		–	–	–	220 816	220 816

38. Risk management

Capital risk management

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

The capital structure of the group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 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 may 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 group manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 2016 and 2015 respectively were as follows:

		Group		Company	
		2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Total borrowings					
Loans from related parties	9	**–**	–	**907**	4 227
Other financial liabilities	19	**1 650 237**	1 589 433	**1 049 640**	996 693
		1 650 237	1 589 433	**1 050 547**	1 000 920
Less: Cash and cash equivalents	15	**705 657**	230 526	**530 948**	166 616
Net debt		**944 580**	1 358 907	**519 599**	834 304
Total equity		**4 963 933**	3 080 831	**4 840 534**	3 031 757
Total capital		**5 908 513**	4 439 738	**5 360 133**	3 866 061
Gearing ratio		**16%**	31%	**10%**	22%

Liquidity risk

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

The table below analyses the group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date 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.

38. Risk management (continued)

Group

At 31 December 2016	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000
Borrowings	(27 183)	(1 160 491)	(463 160)
Trade and other payables	(386 532)	(597)	–
Trade and other receivables	29 705	–	–
Other financial assets	–	1 182	–

At 31 December 2015	Less than 1year R'000	Between 2 and 5 years R'000	Over 5 years R'000
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	–

Company

At 31 December 2016	Less than 1year R'000	Between 2 and 5 years R'000	Over 5 years R'000
Borrowings	(28 090)	(973 077)	(49 070)
Trade and other payables	(274 227)	–	–
Trade and other receivables	130 850	–	–
Loans to subsidiaries and associates	621 780	–	–
Other financial assets	239 659	1 807	–

At 31 December 2015	Less than 1year R'000	Between 2 and 5 years R'000	Over 5 years R'000
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	–

Interest rate risk

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

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

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

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 R10.8 million (2015: R9.2 million) for the group and R10.8 million (2015: R3.4 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 and company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principle amounts. Such contracts enable the group and company 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 and company'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 R1.1 billion and R545 million respectively (2015: R920.7 million and R340.9 million respectively) after taking into consideration the notional amounts of the interest rate hedge of R512.5 million (2015: 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 group and company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluates 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 proves 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 2016, the group and company did not consider there to be any significant concentration of credit risk which had not been adequately provided for.

38. Risk management (continued)

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

	Group		Company	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
Financial instrument				
Interest rate swap	**585**	19 852	**585**	19 852
Cash and cash equivalents	**705 657**	230 526	**530 948**	166 616

Foreign exchange risk

The group and company does not trade in foreign currency or incur any expenditure in foreign currency, except for the Namibian operations which has a 1:1 Rand exchange rate and as such have no foreign currency risk.

39. Fair value information

Levels of fair value measurements

Level 2

Recurring fair value measurements		Group		Company	
		2016	2015	**2016**	2015
Assets	Note(s)	**R'000**	R'000	**R'000**	R'000
Financial assets at fair value through profit or loss – held for trading					
Interest rate swaps	10	**1 182**	19 852	**1 182**	19 852
Liabilities					
Financial liabilities at fair value through profit or loss					
Interest rate swaps	19	**597**	–	**597**	–
Total		**585**	19 852	**585**	19 852

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.

40. Going concern

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

41. Events after the reporting date

Curro and BA ISAGO University, in Botswana, have mutually agreed not to conclude the acquisition of 50% of BA ISAGO that was announced on SENS on 21 November 2016 and to put further discussions on hold until some time in the future.

The directors are not aware of any other matter, which is material to the Group or Company, that has occurred between the reporting date and the date of the approval of the consolidated and separate annual financial statements.

42. Range of shareholding

Range of shareholding	Number of shares held in range 2016	%	Number of shares held in range 2015	%
1 to 500	1 262 631	0.3	865 975	0.2
501 to 1 000	2 105 800	0.5	1 356 445	0.4
1 001 to 5 000	12 680 715	3.1	9 211 996	2.6
5 001 to 10 000	8 012 207	2.0	6 349 018	1.8
10 001 and over	383 090 709	94.1	339 084 306	95.0
	407 152 062	100.0	356 867 740	100.0

Public and non-public shareholding	Number of shares held in range 2016	%	Number of shares held in range 2015	%
PSG Financial Services Ltd	228 210 051	56.1	207 940 375	58.3
Directors	7 556 415	1.9	7 310 296	2.0
Total non-public shareholding	235 766 466	58.0	215 250 671	60.3
Total public shareholding	171 385 596	42.0	141 617 069	39.7
	407 152 062	100.0	356 867 740	100.0

Number of public and non-public shareholders	Number of shareholders 2016	%	Number of shareholders 2015	%
Non-public	7	-	7	0.1
Public	17 201	100.0	12 077	99.9
	17 208	100.0	12 084	100.0

Public and non-public shareholding	Number of shares held 2016	%	Number of shares held 2015	%
PSG Financial Services Ltd	228 210 051	56.1	207 940 375	58.3
Thembeka Market Holdings (Pty) Ltd	21 414 497	5.3	21 414 497	6.0
Coronation Ltd	20 442 580	5.0	-	-
	270 067 128	66.4	229 354 872	64.3

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 09:20 on Friday, 23 June 2017 (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 2016. 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 7 and 9 (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 number 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 Ms Susan Louise Botha, 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 Ms Susan Louise Botha ('Santie')

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 and Telkom Ltd, and as chairperson of Famous Brands Ltd. Santie has extensive knowledge of 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.

Qualifications: BEcon and BEcon (Hons)

2.1.2 Ordinary resolution number 2

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

Summary curriculum vitae of Mr Barend Petersen ('Barend')

Barend, a chartered accountant, has wide 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 chairperson of De Beers Consolidated Mines and is also a non-executive director of various companies, including Anglo American South Africa Ltd, De Beers PLC and Ponahalo Group. He is the chairperson of Sizwe Business Recoveries (Pty) Ltd (founded by him in 1997).

Qualifications: CA(SA)

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'), require that a component of the non-executive directors rotate at the AGM and, being eligible, may offer themselves for re-election as directors.

2.1.3 Ordinary resolution number 3

Resolved that the appointment of Dr Christiaan Rudolph van der Merwe as a non-executive director of the company with effect from 01 July 2017 be and is hereby approved.

Summary curriculum vitae of Dr Christiaan Rudolph van der Merwe ('Chris')

Chris, the Curro CEO, has wide knowledge of 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 127 schools accommodating approximately 47 000 learners today.

Qualifications: BPrim (Ed), MEd (cum laude), PhD in Education

The reason for ordinary resolution number 3 is that the memorandum of incorporation of the company and, to the extent applicable, the Companies Act require that any new appointments of non-executive directors on the board of the company are to be confirmed by the shareholders at the first AGM held following the appointment. The board of Curro announced on 27 February 2017 that Chris's role will be changed to that of a non-executive director on 1 July 2017, on which date his successor, Mr Andries Greyling, will become CEO.

2.2 Reappointment 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 are a reference to the audit committee as contemplated in the Companies Act.

2.2.1 Ordinary resolution number 4

Resolved that, subject to the approval of ordinary resolution number 2 above, Mr Barend Petersen, being eligible, be and is hereby reappointed as a member and chairperson of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company.

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

2.2.2 Ordinary resolution number 5

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

Summary curriculum vitae of Dr Sibongile Winnie Frieda Muthwa ('Sibongile')

Sibongile has international business experience in the 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 is a non-executive director of 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.

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

2.2.3 Ordinary resolution number 6

Resolved that Mr Zitulele Luke Combi, being eligible, be and is hereby reappointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company.

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 is also the chairperson of Pioneer Food Group Ltd. He has extensive 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 resolutions numbers 4 to 6 (inclusive) is that the company, being a public listed company, must appoint an audit committee and the Companies Act requires that the members of such audit committee be appointed, or reappointed, as the case may be, at each AGM of the company.

2.3 Reappointment of auditor

Ordinary resolution number 7

Resolved that Deloitte & Touche be and are hereby reappointed 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 7 is that the company, being a public listed company, must have its annual financial statements audited, and such auditors must be appointed or reappointed 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 8

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 40 715 206 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;*
- *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 8 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 Non-binding endorsement of Curro's remuneration policy

Ordinary resolution number 9

Resolved that the shareholders endorse, by way of a non-binding advisory vote, the company's remuneration policy as set out in the report contained on pages 61 to 63 of this annual integrated report.

The reason for ordinary resolution number 9 is that King III recommends that the remuneration policy of the company be endorsed through a non-binding advisory vote by shareholders.

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 (excluding value-added tax)	Annual fee 2017
Board	
Chairperson of the board	R444 960
Board members	R178 200
Members of board committees	
Audit and risk committee	R50 760
Remuneration committee	R25 380
Social, ethics and human resources committee	R25 380
Additional fee payable to the chairpersons of the board committees	
Audit and risk committee	R25 380
Remuneration committee	R12 744
Social, ethics and human resources committee	R12 744

Notes:

1. *Fees are paid for service rendered as directors and are not based on meetings attended.*
2. *The fees are paid bi-annually and value-added tax (VAT) is payable thereon if the non-executive director is VAT registered.*
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.*
4. *The same board and board committee fee relevant to that of a non-executive director applies to Dr Chris van der Merwe with his change in designation to non-executive director as from 1 July 2017. In addition thereto the board (which is authorised to do so on the basis of the company's memorandum of incorporation) may determine any other compensation payable for specific services rendered in his capacity as strategic adviser to the board.*

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 provide 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 that 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 provide 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 must be 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 appoint only 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, has 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 the company's 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. In order to avoid doubt, a pro rata repurchase by the company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Companies Act.

4. **Other business**

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

Information relating to 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 was applied, there have been no material changes to the financial position of the Curro group.
2. The directors, whose names appear on pages 30 and 31 of the annual integrated report, collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted that would make any statement false or misleading, that all reasonable enquiries to ascertain such facts 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 passed at the previous annual general meeting on 24 June 2016 and for the first time Curro has included its remuneration policy for a non-binding advisory vote.

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, 12 May 2017.
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 Thursday, 15 June 2017, with the last day to trade being Monday, 12 June 2017.
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 driver's 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 09:20 (South African time) on Wednesday, 21 June 2017, provided that any form of proxy not delivered to the transfer secretaries by this time may be handed to the chairperson of the AGM prior to the commencement of the AGM, at any time before the appointed proxy exercises any shareholder rights at the AGM.
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, have one vote in respect of each share held.

By order of the board

CURRO HOLDINGS LTD
19 May 2017

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

Transfer secretaries
Computershare Investor Services (Pty) Ltd
Rosebank Towers 15 Biermann Ave
Rosebank 2196
(PO Box 61051, Marshalltown, South Africa 2107)

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

Physical development and participation in sport ensures that all learners are educated in totality.

At Curro, indoor development is as important as outdoor activities.

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 09:20 on Friday, 23 June 2017 (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 Ms SL Botha as non-executive director			
Ordinary resolution number 2: To re-elect Mr B Petersen as non-executive director			
Ordinary resolution number 3: To appoint Dr CR van der Merwe as non-executive director			
Ordinary resolution number 4: To reappoint Mr B Petersen as a member of the audit and risk committee of the company			
Ordinary resolution number 5: To reappoint Dr SWF Muthwa as a member of the audit and risk committee of the company			
Ordinary resolution number 6: To reappoint Mr ZL Combi as a member of the audit and risk committee of the company			
Ordinary resolution number 7: Reappointment of the auditor			
Ordinary resolution number 8: General authority to issue shares for cash			
Ordinary resolution number 9: Non-binding endorsement of Curro's remuneration policy			
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 for 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			

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

Signed at .... on this .... day of.................................... 2017.

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 of which 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 are 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. Proxy forms should be lodged with the transfer secretaries of the company, Computershare Investor Services (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank South Africa, or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, South Africa, to be received by them not later than Wednesday, 21 June 2017, at 09:20 (South African time), provided that any form of proxy not delivered to the transfer secretaries by this time may be handed to the chairperson of the AGM prior to the commencement of the AGM, at any time before the appointed proxy exercises any shareholder rights at the AGM.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries or waived by the 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.

The Curro curriculum places strong emphasis on Mathematics and Science.

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
CAPS	Curriculum Assessment Policy Statements
CCMD	Centre for Curriculum Management and Delivery
CEO	Chief executive officer
CFO	Chief financial officer
CIO	Chief investment officer
COO	Chief operating officer
CSDP	Central securities depository participant
CSR	Corporate social responsibility
Curro	Curro Holdings Limited
Companies Act	Companies Act No 71 of 2008, as amended
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Exco	Executive committee/investment executive committeee
Exco (operations)	Executive operational committee
FET	Further education and training
HEPS	Headline earnings per share
HR	Human resources function
IEB	Independent Examinations Board
Institute for Higher Education	Embury Institute for Higher Education (Proprietary) Limited, a wholly owned subsidiary of Curro Holdings Ltd, currently providing tertiary education to educators
IT	Information technology and/or information technology and systems
IFRS	International Financial Reporting Standards
JSE	JSE Limited
King III	King III Report on Governance for South Africa and the King Code of Governance Principles
King IV	King IV Report on Governance for South Africa 2016
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 in capital for the future development of Meridian school properties. Capmac owns the properties, and the schools owned by Meridian Operations Company (RF) NPC are managed by Curro. In the report, reference to Meridian relates to this ring-fenced venture, the main purpose of which is to provide affordable quality education. Curro owns 65% of the 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
PAC	Parent Advisory Committee
PAT	Profit after tax
PIC	Public Investment Corporation
Pty (Ltd)	(Proprietary) Limited
SEIIFSA or Schools Fund	Schools and Education Investment Impact Fund of South Africa
SRI	Socially responsible investment

ANNEXURE A

A brief history

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 that was intended to accommodate only an intermediate school phase (Grade 4 to Grade 7) in a converted house.

Soon after the planning had been completed, Eduard Ungerer, one of Chris's business partners in a small publishing enterprise, joined him in the school venture, and the school opened with 28 learners in a church in Durbanville, Cape Town on 15 July 1998. 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 countrywide. When Naspers disposed of Educor in 2006, a pre-emptive right triggered the repurchase of the 25% shares 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. At this time, Andries Greyling, the financial director of Curro, also acquired shares in the company.

In 2009, PSG Group Ltd approached Curro and became 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 would entail, Paladin Capital increased its shareholding to 75%.

On 2 June 2011, Curro listed on the JSE (AltX), with a vision of 40 campuses and 45 000 learners by 2020. It 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), Embury College (Durban, KwaZulu-Natal) and Rosen Castle (Durbanville, Western Cape). Rosen Castle laid the foundation for developing nursery schools under the Curro Castle brand.

Curro also transferred from the JSE's AltX to a 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 to the value of R661 million took place to enable Curro to expand its existing schools and to develop new schools in Ballito (KwaZulu-Natal) and Port Elizabeth (Eastern Cape). A Curro Castle was also established in George (Western Cape).

In 2013 Curro, through Capmac (Campus and Property Management Company (Pty) Ltd), acquired Northern Academy (Limpopo), a school in Polokwane with approxmately 4 000 learners, 2 500 of whom resided in the school hostels. Meridian Karino (Nelspruit, Mpumalanga) was also developed through Capmac. Curro and OMAGSA, through the Financial Sector Charter Fund (FSC Fund), provided another R188 million (collectively referred to as the Meridian joint venture) in capital for the 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 under construction.

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

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

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.

Also in 2014, seven further sites to the value of about R100 million were purchased for future development.

The 2014 year ended with approximately 28 737 learners and 10 new campuses, eight of which had been 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 to the value of R740 million that took place in May 2015. New schools added to the group were in Sitari, Somerset West (Western Cape), Hillcrest (KwaZulu-Natal), Waterfall Estate (Gauteng), Bryanston (Gauteng) and Douglasdale (Gauteng). The three schools in Gauteng were Castles (preschools). R646 million was invested in existing campuses, and about R85 million in the acquisition of sites for future growth.

As at 31 December 2016, the group had 43 183 learners enrolled. The group developed an additional seven campuses during the year, resulting in the group having 115 schools (49 campuses). The new schools that were added to the value of R920 million included Waterfall primary school (Gauteng), Curro Century City high school (Western Cape), Curro Krugersdorp high school (Gauteng), Curro Rivonia Castle and primary school (Gauteng), Curro Academy Wilgeheuwel primary and high school (Gauteng), Curro Academy Clayville primary school (Gauteng), Curro Academy Pretoria primary and high school (Gauteng). The group also added a tertiary-education campus in Waterfall Estate (Gauteng).

Three acquisitions took place during the 2016 year, namely Windhoek Gymnasium (Namibia), Building Blocks schools (preschool and primary school), and St Conrad's College pre-primary, primary and high school. The total amount invested in growth (i.e. land banking, acquisitions, new schools and expansion on existing campuses) was R1.7 billion.

The group opened its schools with 47 589 learners in 2017.

Curro Holdings Limited and its subsidiaries

(Registration number 1998/025801/06)

Consolidated and separate annual financial statements for the year ended 31 December 2016

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** Ms SL Botha (chairperson) Mr B Petersen Mr ZL Combi Dr SWF Muthwa
Company secretary	Ms R van Rensburg
Registered office	38 Oxford Street Durbanville South Africa 7550
Business address	38 Oxford Street Durbanville South Africa 7550
Postal address	PO Box 2436 Durbanville 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 annual financial statements were compiled under the supervision of Mr B van der Linde CA(SA), CFA.

CURRO

www.curro.co.za