CURRO HOLDINGS
PRIVATE SCHOOLS / SKOLE

INTEGRATED ANNUAL REPORT **2011**

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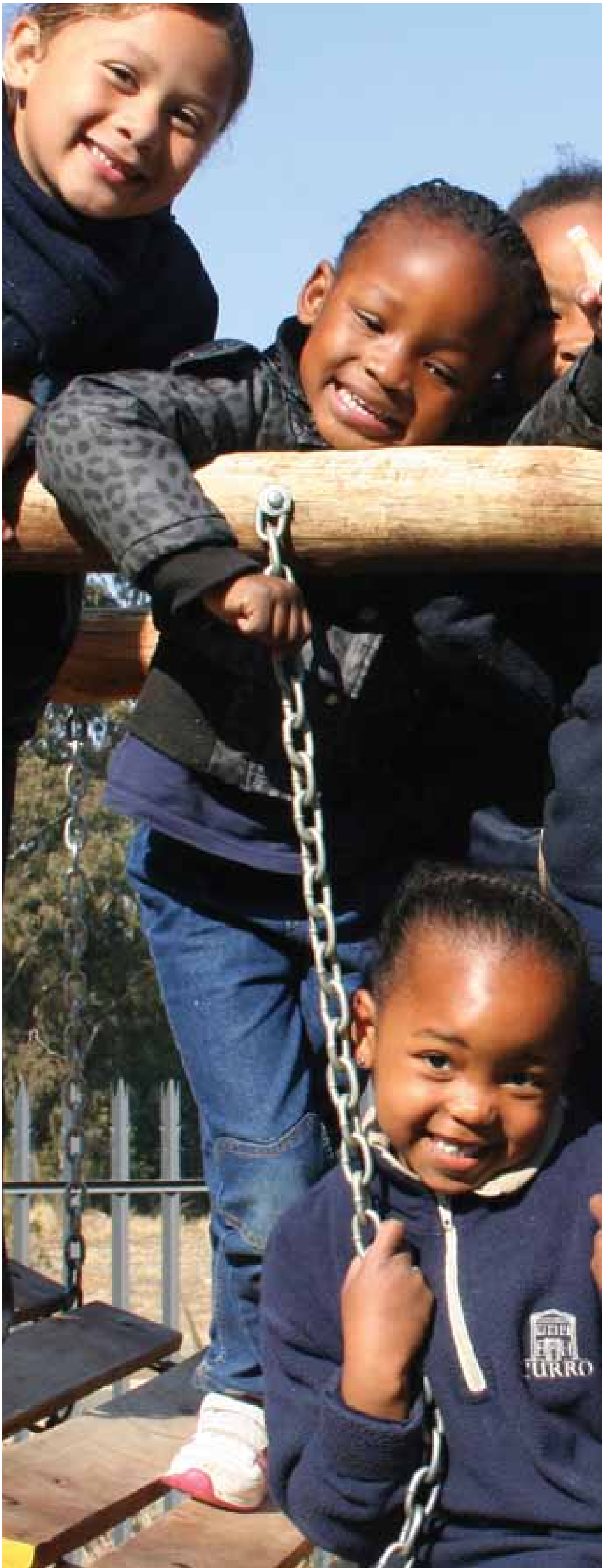


About this Report

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

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

In preparing this report, Curro took cognisance of, and applied the principles contained in the King III Report on Corporate Governance, the JSE Listings Requirements and International Financial Reporting Standards and the Companies Act, No. 71 of 2008. As required, detailed commentary has been provided to explain the reasons for certain principles in King III not being complied with fully.

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

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

This Integrated Annual Report contains certain forward-looking statements which relates to the financial position and results of the operations of Curro. Although good care was taken to make these forward-looking statements realistic, note should be taken of factors which might influence these results.

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

Adv. JA le Roux
Non-executive Chairman

Dr CR van der Merwe
Chief Executive Officer

The following information is available online at **www.curro.co.za**:
- Integrated Annual Report
- Annual Financial Statements

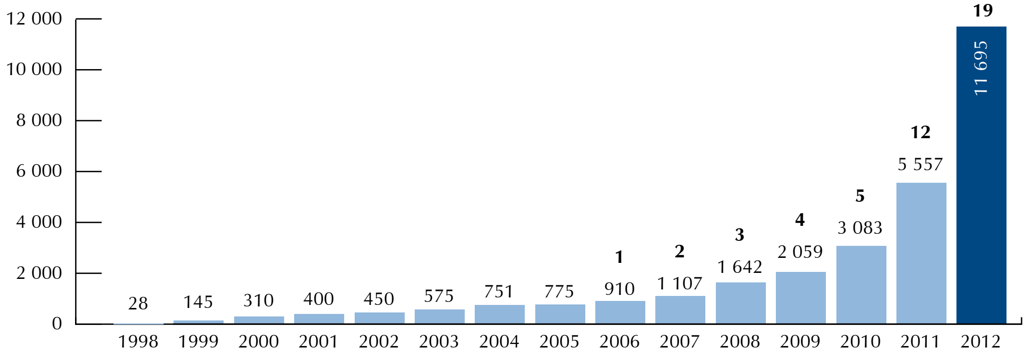
Group Performance Overview

Key performance indicators

for the year ended 31 December 2011

	2009	2010	**2011**
Profitability			
Revenue (R'000)	47 966	74 031	**166 298**
Other income (R'000)	584	1 572	**4 036**
Salaries (R'000)	31 114	48 016	**118 251**
EBITDA (R'000)	8 860	12 800	**10 481**
Earnings attributable to ordinary shareholders (R'000)	1 794	5 233	**(7 404)**
Earnings per share (cents)	2.2†	6.5	**(6.2)**
Statement of financial position			
Total assets (R'000)	115 995	243 311	**597 412**
Interest-bearing liabilities (R'000)	56 602	159 272	**168 123**
Equity (R'000)	52 453	57 688	**369 773**
Net asset value per share (cents)	65.6†	71.7	**229.4**
Share statistics			
Market price (cents)			
– High	–	–	**1 215**
– Low	–	–	**530**
– Closing	–	–	**1 200**
– Average	–	–	**766**
Volume of shares traded ('000)	–	–	**10 086**
Value of shares traded (R'000)	–	–	**80 462**
Volume/weighted average number of shares* (%)	–	–	**14.5**
Market capitalisation (Rm)	–	–	**1 934**
Capital investment (Rm)			
– Current campuses		13	**80**
– New campuses		114	**175**
– Acquisitions		1	**60**
Total		128	**315**

Number of schools and learners



	2009	2010	**2011**	**2012***
Learner numbers				
Schools operating in 2009	2 059	2 293	**2 581**	**2 808**
Growth (%)		*11*	***13***	***9***
New schools added in 2010		793	**1 162**	**2 073**
Growth (%)			***47***	***78***
New schools added in 2011			**1 814**	**2 525**
Growth (%)				***39***
New schools added in 2012				**4 289**
Total (after acquisitions)	2 059	3 086	**5 557**	**11 695**
Growth (%)		*50*	***80***	***110***
Academic performance				
Learner pass rate (%)	100	100	**100**	
Operations				
Number of campuses	3	5	**12**	**19**
Learners per campus	686	513	**460**	**615**
Staff	251	343	**654**	**1 250**
Educators	201	247	**446**	**862**
Learner/educator ratio	10.2	12.5	**12.4**	**13.6**
Building size (m^2)	33 000	44 500	**75 000**	**100 469**
Land size (ha)	27	55	**107**	**111**

* As at 16 April 2012.
† Number of shares issued after share split is 80 million.

Group Performance Overview (continued)

Value added statement

for the year ended 31 December 2011

	2011 R'000	2010 R'000
Value added:		
Revenue	**166 298**	74 028
Other income	**4 036**	1 573
Cost of providing services	**(29 950)**	(10 535)
Total wealth created	**140 384**	65 066
Value distribution:		
Employees		
Net benefits paid to employees	**101 308**	41 102
Social responsibility		
Corporate social investment and bursaries	**8 594**	5 269
Government		
Income tax	**1 615**	59
PAYE	**14 482**	5 706
Providers of capital		
Finance costs	**14 385**	5 242
Capitalisation issue	**–**	1 018
Reinvested in the Group		
Retained income	**–**	6 670
Total wealth distributed and retained	**140 384**	65 066

Group Overview

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

The business

Curro Holdings Limited acquires, develops and manages private schools in South Africa. Curro currently has 19 schools with 11 695 learners in the Group.

Vision

Curro's vision is to make private school education accessible for more learners throughout South Africa.

Our values

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

They are:

- child friendliness;
- positive discipline;
- Christian ethos; and
- enhancement of creativity.

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

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

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

Brands/lines of business

To achieve the vision, Curro positioned from the original traditional brand to four brands/lines of business during 2011.

- Curro Traditional Private Schools
- Meridian Community Private Schools
- Curro Junior Academies
- Curro Established Private Schools

CURRO TRADITIONAL PRIVATE SCHOOLS accommodate learners from age 5 to grade 12. Class sizes are limited to a maximum of 25 learners per class and the IEB examination is written at the end of grade 12. These co-ed schools are traditionally parallel medium from grade RR to grade 9 and dual medium from grade 10 to grade 12. Naturally, a wide subject choice is offered in the FET phase (grade 10 to grade 12). These schools have good facilities and offer all the co-curricular activities as one would find in the ex-model C schools. School fees are affordable and range from R1 700 per month in the pre-primary section up to R3 500 per month in the high school. A typical campus will accommodate 1 200 to 2 000 learners.

MERIDIAN COMMUNITY PRIVATE SCHOOLS accommodate learners from age 5 to grade 12. Classes accommodate up to an average of 35 learners and these schools write the National Senior Certificate examination at the end of grade 12. Their subject choice is limited and these co-ed schools are single medium (English). They also offer co-curricular activities, but these are limited to a small variety. School fees vary from R950 per month in the primary school to about R1 300 per month in the high school. Meridian Community Private Schools are therefore highly affordable. A model for a fully developed campus will accommodate 1 500 to 2 200 learners.

Group Overview (continued)

Timeline

1998 – Curro was founded with 28 learners in the vestry of a church.

1999 – Construction of the first campus in Durbanville commenced during June.

2000 – 310 learners move to the new Durbanville campus.

2006 – Curro has 900 learners. Construction commences at the second campus in Langebaan.

2007 – Langebaan campus opens. Curro has more than 1 100 learners.

2008 – Third campus at Hazeldean in Pretoria opens. Curro has more than 1 600 learners.

2009 – Curro has more than 2 000 learners. Paladin Capital, a subsidiary of the PSG Group, acquires a 50% stake for R50 million in Curro.

2010 – Curro has 5 campuses with more than 3 000 learners. Curro adopts a strategic intent to have 40 schools by 2020. Paladin acquires another 26% stake in Curro.

2011 – Curro has 12 campuses through construction and acquisition. 5 500 learners. During June, Curro lists on the AltX of the JSE with a market cap of ± R400 million. Curro receives R318 million through a one-for-one rights issue.

2012 – Curro is now 19 campuses with 11 695 learners.

Scholastic achievements during 2011

Curro was pleased with the academic results of the 220 matriculants that undertook the IEB final exam. A 100% pass rate was achieved with 80% of the learners achieving university exemption. The average academic mark was 64% with 94% of all learners achieving at least a 50% average. Two learners achieved six As.

On the sports fields, the 12 operational schools produced 220 provincial and 52 national stars. A commendable achievement as the majority of these schools have been established in the past two years. Our learners excel in popular sports like soccer, rugby, sevens rugby, tennis, netball, swimming, hockey, athletics, gymnastics, cross-country, karate, judo, but also in the lesser-known sports like cheer-leading, BMX, horse riding, T-Ball, softball, basketball, archery and hip hop. Our tennis academies at our various schools annually produce players ranked amongst the top 10 players in various age groups. We are really proud of our learners and their achievement and we will yearly continue to grow in our various sporting academies.

The Curro learners also excelled on the cultural front. Each school is equipped with its own music school where learners are trained in various music instruments and most of our schools convene a junior and senior choir where appropriate. Curro students are the top performers in the regional and national eisteddfods.

CURRO private schools

CURRO established private schools

CURRO CENTRE FOR EDUCATIONAL EXCELLENCE

CURRO junior academies

MERIDIAN private schools

CURRO JUNIOR ACADEMIES are early childhood development centres (baby care centres/crèches/playshools) which accommodate learners from three months to four years. These junior academies have sufficient facilities to accommodate approximately 300 children.

WELL-ESTABLISHED PRIVATE SCHOOLS which are ordinarily added to the Curro group of schools by means of acquisitive growth. These schools keep their original well-established identities and ethos. Language of tuition is English complemented with superior facilities and a rich heritage including traditions and good academic and co-curricular results. These schools are more expensive (approximately R4 500 per month for primary school and R5 500 per month for high school). They offer a wide variety of curricular and co-curricular activities.

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

CURRO CENTRE FOR EDUCATIONAL EXCELLENCE

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

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

IEB examinations have been accepted at all Curro Private Schools and will be in full effect from 2012. Meridian Private Schools write the National Senior Certificate examination.

Concise history

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

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

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

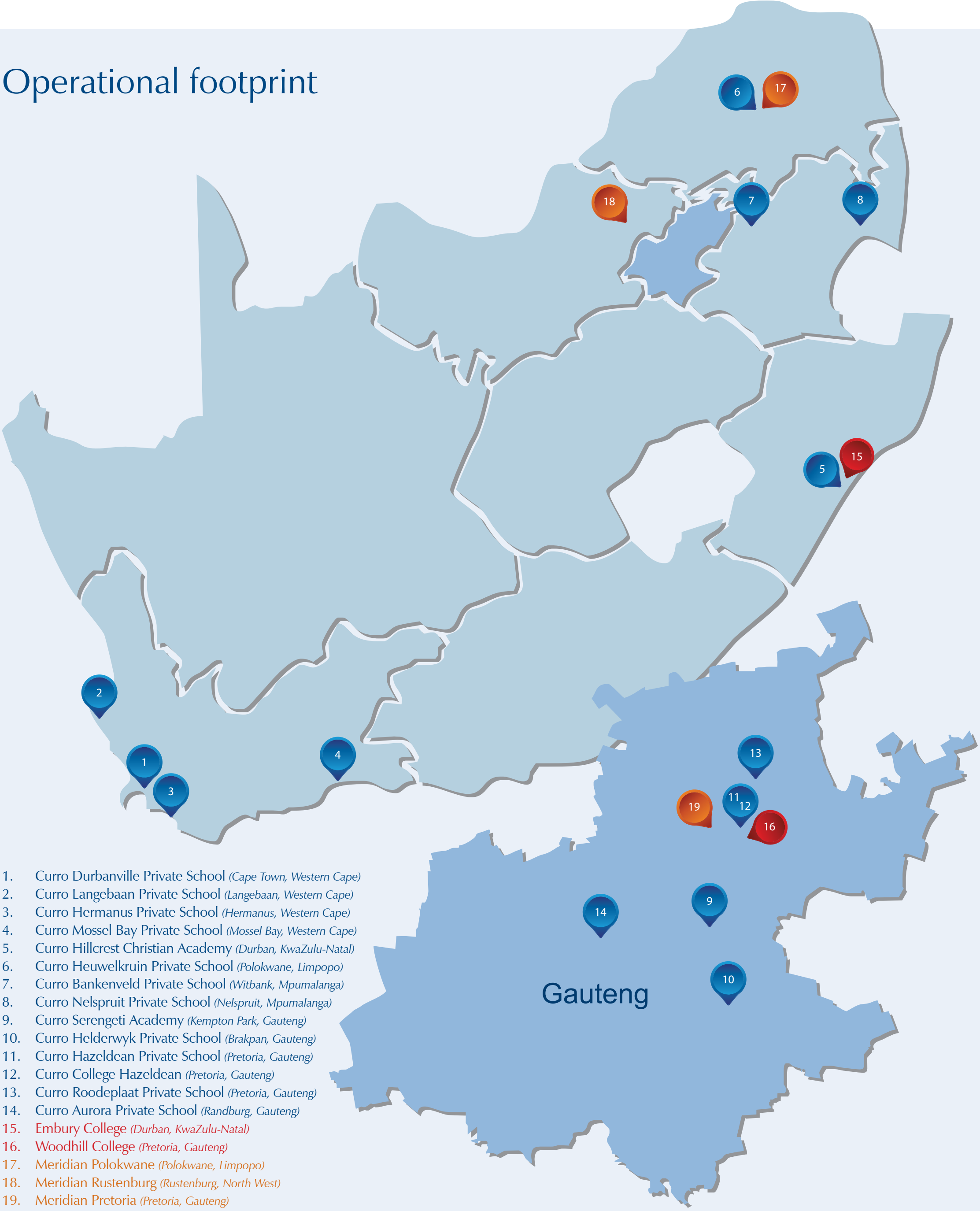
During 2009, PSG approached Curro to become a 50% partner through their subsidiary, Paladin Capital. At the beginning of 2010, with the adoption of the strategic intent to build 40 schools by 2020 and the capital investment that it would entail, Paladin Capital increased its shareholding to 76%.

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

At present, Curro has 15 traditional, 1 established and 3 Meridian Private Schools nationwide accommodating 11 695 learners from 3 months to grade 12.

Group Overview (continued)

Operational footprint



1. Curro Durbanville Private School *(Cape Town, Western Cape)*
2. Curro Langebaan Private School *(Langebaan, Western Cape)*
3. Curro Hermanus Private School *(Hermanus, Western Cape)*
4. Curro Mossel Bay Private School *(Mossel Bay, Western Cape)*
5. Curro Hillcrest Christian Academy *(Durban, KwaZulu-Natal)*
6. Curro Heuwelkruin Private School *(Polokwane, Limpopo)*
7. Curro Bankenveld Private School *(Witbank, Mpumalanga)*
8. Curro Nelspruit Private School *(Nelspruit, Mpumalanga)*
9. Curro Serengeti Academy *(Kempton Park, Gauteng)*
10. Curro Helderwyk Private School *(Brakpan, Gauteng)*
11. Curro Hazeldean Private School *(Pretoria, Gauteng)*
12. Curro College Hazeldean *(Pretoria, Gauteng)*
13. Curro Roodeplaat Private School *(Pretoria, Gauteng)*
14. Curro Aurora Private School *(Randburg, Gauteng)*
15. Embury College *(Durban, KwaZulu-Natal)*
16. Woodhill College *(Pretoria, Gauteng)*
17. Meridian Polokwane *(Polokwane, Limpopo)*
18. Meridian Rustenburg *(Rustenburg, North West)*
19. Meridian Pretoria *(Pretoria, Gauteng)*

Operational overview

Schools as at 16 April 2012

Western Cape	**Gauteng**
Curro Durbanville	Curro Hazeldean
Curro Langebaan	Curro College Hazeldean
Curro Hermanus	Curro Roodeplaat
Curro Mossel Bay	Curro Serengeti Academy
Limpopo	Curro Helderwyk
Curro Heuwelkruin	Curro Aurora
Meridian Polokwane	Woodhill College
Mpumalanga	Meridian Pretoria
Curro Bankenveld	**KwaZulu-Natal**
Curro Nelspruit	Embury College
North West	Curro Hillcrest Christian Academy
Meridian Rustenburg	

During 2011, Curro invested R142 million in the establishment of the first phases of four new campuses: Serengeti Golf and Wildlife Estate in Kempton Park (Johannesburg), Nelspruit, Hermanus and Mossel Bay. Curro also invested R80 million to expand capacities and upgrades at existing campuses.

Two schools with established campuses, namely Aurora, based in Randburg, and Heuwelkruin Kollege in Polokwane were also acquired. These campuses were expanded during 2011 to the value of R33 million. Other schools acquired during 2011 were Mandorren Academic and Sport School that was incorporated into the Curro Serengeti Academy campus and Optimum Kids and Laerskool Koraalsig that were incorporated into the Curro Nelspruit campus.

During 2012, Curro acquired Woodhill College, a school with 1 170 learners in Pretoria and Embury College, a school with 820 learners in KwaZulu-Natal and Hillcrest Christian Academy in KwaZulu-Natal, a primary school with 642 learners. Curro acquired three Meridian Private Schools with a combined total of 1 194 learners.

In total Curro has an enrolment of 11 695 learners as at 16 April 2012.

Information technology and systems

Information technology (IT) is vital in two areas of the business, one being educating learners and two, the administration of schools.

IT as part of the education process is becoming more topical. All Curro Private Schools have IT labs where appropriate IT lessons are taught to learners. IT labs are equipped with Sun Oracle terminal systems which are more cost effective to maintain over the medium to long term, easier to integrate with the Curro network and more energy efficient.

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

For administrative support, Curro is investing capital and effort to ensure appropriate systems are in place to effectively monitor the schools. The aim is to increase automation of processes to allow educators more time to teach and to keep administrative personnel to a minimum.

The reliability of Curro's IT system is challenged as a result of the lack of fixed line telecommunication infrastructures at urban edges where Curro ordinarily develops new schools. We are continuously working to find cost effective, reliable wireless alternatives.

Our purpose and strategy

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

Government is progressing in creating equal opportunity for all our children, but still faces a lot of challenges, specifically in relation to provide education at an acceptable standard. It is understandable that these efforts are targeted at the bottom of the market where the situation is the most dire.

This creates a vacuum in terms of facilities and standards at the lower to middle end and new campuses in the more affluent areas which leads to the private sector playing an increasing role. Article 29 of the South African Constitution enshrines and protects this role of independent schools to fill their role in this regard.

With this as background, it is clear that Curro can potentially develop a large number of private schools across South Africa. The development of every private school creates open space in State schools for new enrolments. In addition, this saves the State the capital outlay of between R60 million and R80 million to erect a school and running costs for a mature school of more than R30 million per annum.

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

Curro's targets for 2012

Business Aim

In its pre-listing statement, Curro aimed towards 7 500 learners in 2012. Curro has exceeded this target by having more than 11 000 learners through organic and acquisitive growth and is also set to exceed its forecasted profit after tax amount of R14 million.

Developments

Curro will invest more than R160 million in its existing campuses. In addition, the Group will commence and complete the following campuses during 2012:

Curro Private Schools – Traditional

- Century City (Cape Town)
- Krugersdorp
- Bloemfontein
- Thatchfield (Centurion)

Meridian Private Schools

- Pinehurst (Kraaifontein, Cape Town)
- Burgersfort

Acquisitions

Acquisitions of suitable targets remain a strategy that Curro will focus on during 2012.

Aims include:

- acquisitions in the established private school market;
- two acquisitions to enter the crèche market and to introduce the Curro Junior Academy brand; and
- two acquisitions in the community private school market.

Curriculum

Through dynamic curriculum development we shall:

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

Curro Nelspruit Private School

Staff

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

Systems

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

The landscape in South Africa

	Government	Private	Curro Group
Schools	24 365	1 486	19
Learners	11 804 066	479 809	11 695
Educators	390 074	30 534	862

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

There are more than 12 million learners in the official South African school system. Registered private school learners comprise less than 4% thereof. Globally this average is at about 13%.

Of the 24 365 schools, there are 5 145 ex-model C schools with 2.4 million learners.

"This saves the State the capital outlay of between R60 million and R80 million to erect a school and running costs for a mature school of more than R30 million per annum"

Success factors for the business

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

Barriers of entry include:

- Suitable affordable land with high upfront capital investment
- Working capital investment until the school reaches a break-even mark
- Credible brand with a track record

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

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

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

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

Curro has extensively researched the lower end of the private school market where a very strong investment case exists for the establishment of a school with somewhat bigger class sizes which are very accessible to many parents if one considers the attractive pricing structure. Curro has acquired three schools under the Meridian Private School brand which will be expanded in years to come.

Lastly, Curro has decided to place a separate focus on childcare and crèche facilities. With the prevalence of households where both parents are working, there is a demand for a credible facility where the child will be kept in safety.

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

The business is sustainable in terms of development. There are enough opportunities to expand the business aggressively over the next three years. Furthermore, the luxury to pause expansion should enrolments not realise according to forecasts, exists. Should this be the case, the focus will shift from spending capital on new developments to filling existing schools, keeping the business environment profitable and sustainable.

Management team

Executive committee

Chris van der Merwe	Chief Executive Officer
Andries Greyling	Chief Operating Officer
Bernardt van der Linde	Chief Financial Officer
Hennie Louw	Chief Investment Officer

Other key functionaries are:

Alta Greeff	Head of the CCEE
Eddie Conradie	Marketing Manager
Jaco Kotze	Operational Manager
Barend Weideman	IT Manager
Divan Hartshorne	Financial Manager
Marietjie Louw	Financial Manager

Human resource functions resort under the COO who is assisted by a sub-contracted service provider to ensure adherence to its determined policies.

Dividend policy

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

Legislative framework

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

- comply with the local authority's building requirements which include approved building plans, an engineer's certificate, fire certificate and ultimately an occupancy certificate;
- employ educators with relevant qualifications that are also registered with the South African Council for Educators;
- follow the National Curriculum Statement and write either the national grade 12 examination or that of the Independent Examinations Board; and
- comply with the prerequisites of Umalusi.

The Curro brand

The brand is very important when clients are looking at enrolling their children at Curro Private Schools. Its track record over the past 14 years, the national footprint of the school and the listing on the AltX have enhanced the Company's profile. The Curro brand must continue to embody quality, sustainability and value for money.

Risks and responses

Education in South Africa brings about the following risks which must addressed:

Risk	Mitigation
Economic slowdown	
Clients can not afford to keep their children enrolled at the school.	• In general, parents believe in the value of a good quality education. Spending is reprioritised to ensure that their children receive said. • Curro aims to provide a value-for-money service and market shares are gained by parents looking to save money by trading down from high-end schools.
Safety	
Facilities	• Keeping safety in mind at the planning stages, consulting with health and safety professionals and adherence to the authorities' building standards for public buildings which also includes a fire certificate.
Environment	
Learners can be harmed.	• Policies requiring appropriate conduct, duty and care by employees are in place. • Schools are fenced off with entry controlled by security guards.
Ongoing curriculum change	
South Africa has a history of ongoing curriculum change since 2004. Curriculum change is a positive phenomenon as long as it contributes to improved learning and teaching. Unfortunately, outcome-based education was implemented in a way that placed pressure on South African educators, because it created administrative burdens.	Curro Private Schools have the advantage of curriculum experts who guide educators to systems where an ideal balance exists between the written curriculum and the received curriculum. This ideal balance motivates educators, because they can invest more time in teaching than in curriculum planning.
Learner numbers	
A school's sustainability depends on the annual growth in learner numbers until a critical mass of learners has been reached.	Curro has grown from 28 learners at one location in 1998 to 11 695 learners at 19 locations in April 2012. This contributes to a lower overall risk for the entire Group.
Opportunities for growth	
• A campus is not placed in an appropriate location and therefore does not grow as anticipated. • Overpaying for an acquisition.	• As a result of demand which the government is not able to deliver entirely, the market still offers significant growth opportunities. • It must be ensured that appropriate sites are selected by performing a proper due diligence on the population trends in an area. • Acquisitions are carefully considered to ensure that the area still offers growth opportunities and the ethos of the target market is aligned with that of Curro.
Reputational risk	
The most significant risk for Curro is that its reputation is damaged as a result of an event or events.	Curro focuses to provide quality in everything it does. Main areas that might be affected by reputational risks are: • safety and security; and • academic quality. Policies, procedures and the close monitoring of results are a priority for the Board and management of Curro.

Board and Leadership

1. Advocate Johan Andries le Roux SC (60)

BA (Law), LLB
Non-executive Chairman

Fef was born in the town of Robertson in 1952. He matriculated at Robertson High School in 1969. During 1970, he spent his compulsory military training at the Army Gymnasium in Heidelberg, Transvaal, completing his officer's course. He studied law at the Stellenbosch University from 1971 to 1975, during which years he attained the BA(Law) and LL.B degrees. From 1976 to 1980 he spent his contractual bursary obligations with the State, first as the public prosecutor of Stellenbosch in 1976 and then as a member of the State Attorney's Office in Cape Town from 1977 to 1980, during which years he also wrote the professional examinations and qualified himself as an attorney, conveyancer and notary of the High Court of South Africa. He joined the Cape Bar in 1981, where he has practised as an advocate since. In 1996 he was awarded Senior Counsel status by President Nelson Mandela. He became a director and shareholder of Curro in 1998 and has acted as the non-executive Chairman of Curro since 2009.

2. Dr Chris Rudolph van der Merwe (49)

B.Prim (Ed), B.Ed, M.Ed (Cum laude), PhD in Education
Chief Executive Officer

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

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

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

During 1998 Chris founded Curro. During 1999 he constructed Curro Durbanville's campus and in January 2000 approximately 320 learners started the academic year on this new campus. Since 1999 Chris has been Chief Executive Officer of Curro.

3. Andries Jacobus Ferdinandus Greyling (42)

BComm (Hons), CA(SA)
Chief Operating Officer

Andries obtained the BComm Accounting degree at the Rand Afrikaans University (now University of Johannesburg) and thereafter during 1991, qualified as chartered accountant. He completed his articles at KPMG where his clients, as audit manager, included Secunda, manager of Sasol Synthetic Fuels. Thereafter he worked at Sasko (a division of Pioneer Foods), Distell and PricewaterhouseCoopers. During 2000 he joined Media 24, ICG (brand names include INTEC, Damelin) as financial director whereafter he was promoted to financial director of Educor. During 2006 Educor bought a 26% stake in Curro, where Andries and Dr Van der Merwe compiled the expanded business plan upon which Curro's current growth strategy is based. During 2007 when Naspers disposed of Educor and Curro, Andries acquired a stake in and joined Curro as Financial Director. He is currently responsible for the operations within Curro including Human Resources, IT, facilities and curriculum.

4. Bernardt van der Linde (34)

BComm (Hons), CA(SA), CFA
Chief Financial Officer

Bernardt is a qualified chartered accountant and a CFA Charterholder. He completed his articles and remained as manager in the Financial Services (Banking) division of PricewaterhouseCoopers until 2005. Thereafter he joined Finweek as writer and Head of Companies and Markets. Bernardt joined the PSG Group during 2007 where he has, inter alia, been part of the executive team at Paladin. Bernardt is or has been a non-executive director on the boards of various PSG Groups and Paladin investment companies. Bernardt joined the Curro Board during 2009 as a non-executive director and became Chief Financial Officer during 2011.

5. Hendrik Gideon Louw (44)

BComm (Hons), CTA, CA(SA)
Chief Investment Officer

Hennie matriculated at Durbanville High School in 1986. After school, Hennie completed a BAccounting degree at the Stellenbosch University, followed by a CTA and BComm (Hons) at the Rand Afrikaans University (now University of Johannesburg). He completed his articles at Deloitte & Touche successfully and obtained his CA(SA) qualification.

After articles, Hennie lectured Auditing at the University of the Western Cape. During 1996, Hennie joined Hospiplan as Group Financial Director, a Group that developed private hospitals across South Africa. He was part of the team that listed the Group during 1997. In 1998 the Group was sold to the Medi-Clinic Group. Hennie joined Educor, a private education company in the Naspers Group, as Managing Director of their distance learning division, ICG, during 1998, and in 2004 was appointed Educor's Group Managing Director, a position he held until Naspers sold the Group during 2007. After working in the venture capital industry as an investment manager for Mark Shuttleworth's venture capital firm HBD, Hennie joined Curro during 2010 as Manager: New Business and was appointed as Chief Investment Officer on the Curro Board at the beginning of 2012.

6. Professor Merlyn Claude Mehl (67)

PhD (Physics)
Independent Non-executive

Merlyn serves on the boards of various companies. He was previously Chancellor of Peninsula Technikon and Chief Executive of the Independent Development Trust. He is presently Executive Chairman of Triple L Academy and is a non-executive director of Capitec Bank. Merlyn joined the Curro Board during 2011.

7. Petrus Johannes Mouton (36)

BComm (Maths)
Non-executive

Piet is the Chief Executive Officer of the PSG Group. He serves as a non-executive director on the boards of various PSG Group companies including Capitec Bank, Paladin Capital and Thembeka Capital Limited, a black-owned and controlled black economic empowerment investment holding company. He has been active in the investment and financial services industry since 1999. Piet joined the Curro Board during 2009.

8. Barend Petersen (52)

CA(SA)
Independent Non-executive

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

Barend has had a wide involvement in the De Beers Family of Companies. Barend is Executive Chairman of De Beers Consolidated Mines and the Chairman of the Environment, Community, Health and Safety Committee of the De Beers Family of Companies. He also owns a stake in Ponahalo, the black empowerment partner of De Beers Consolidated Mines.

He is a director of several companies including being non-executive director of Anglo American South Africa Limited and Alexander Forbes Group. Barend is the Chairman of Sizwe Business Recoveries which he founded in 1997. Barend joined the Curro Board during 2011.

9. Mary Vilakazi (34)

BComm (Hons), HDip Auditing, CA(SA)
Independent Non-executive

Mary is the Chief Financial Officer of the Mineral Services Group (MS Group). She serves as the Managing Trustee of the Zenzele Development Trust, a trust founded by the MS Group. Prior to joining the MS Group, Mary was an audit partner at PricewaterhouseCoopers until 2008, where she gained extensive experience in the audit of financial services companies.

Mary serves as a director on the MMI Holdings Limited Board, and is a member of the Audit, Actuarial and Balance Sheet Management board committees. She is also the Chairperson of the audit committee of the Council of Conciliation, Mediation and Arbitration. At present she serves on the FSB's long-term insurance advisory committee to the Minister of Finance. Mary joined the Curro Board during 2011.

> It is a very exciting company with, in the foreseeable future, an unlimited scope for opportunities and an insatiable appetite on the part of an extremely competent and energetic leadership team to fully utilise the demand to make private education affordable at every level

In the life of a listed company, Curro Holdings Limited, after some six months of listed life, will probably still (and rightly) be regarded by many as a newborn commercial baby. From the chair's perspective one cannot resist the temptation to add, "but what a baby it has been so far".

By the time it saw listed light it was already walking at a pace and when it was supposed to still sleep in the AltX cot, it found itself roaring softly among the front runners on that board – signs of even bigger things to come.

It is a very exciting Company with, in the foreseeable future, an unlimited scope for opportunities and an insatiable appetite on the part of an extremely competent and energetic leadership team to fully utilise the demand to make private education affordable at every level. At the same time, it will serve the dire need for additional educational services in the country.

It is clear that the business of Curro is well received and treated with respect and excitement in the marketplace. To do justice to that positive reception, Curro will have to live up to the expectations of the commentators and the delivery promises and predictions of its leadership. As part of that leadership, albeit in non-executive, but fully informed, capacity, I am confident that no stakeholder will be disappointed.

In my assessment, Curro has in the short space of six months established a very solid platform from where it is going to grow from strength to strength, already in this year, 2012. My prediction is that by the beginning of 2013 most role-players at all levels, when viewing or assessing Curro, will do so with substantially increased levels of confidence and many will realise that Curro is well on its way to become a main stream company.

From my perspective in the chair, I consider myself privileged to be part of it and I am excited about how the events are unfolding in the wake of the energetic team efforts. In this regard, the role played by PSG, the main shareholder, in all its manifestations, cannot be overemphasised. It is contributing hugely with expertise, experience, advice, bridging finance, specialised leadership and all the other attributes that have led to that group of companies' current reputable status in the financial world. For this we thank them, especially Piet Mouton (presumably with silent and not so silent inputs by his father, Jannie) for the valuable contributions to the Curro Board.

There are numerous reasons why I regard Curro as an exciting company with far above average potential. They include, inter alia:

- The growth potential of the industry in which Curro operates is enormous and will stay like that for at least the next ten to twenty years.
- Curro will accordingly be growing progressively in market capital and in the foreseeable future will be making enough profit to start declaring dividends.
- This is likely to happen in an environment where the opportunities and demand for Curro's services will exceed the potential to satisfy them.
- The funds to enable Curro to achieve its targets seem to become more readily available as Curro is growing in stature and is unlikely to create serious obstacles in the near future.
- The very nature of the business offers an underlying and inherent security in the form of an annuity income.

Curro Langebaan Private School

- This income is earned over a period of some 18 years with the addition of the Curro Junior Academy concept.
- History has proved that learner numbers do not seriously dwindle during economic recessions and that parents are generally disinclined to take their children out of a school in the absence of compelling reasons.
- Private school education is expressly entrenched as a fundamental right in the Constitution and therefore unlikely to be influenced prejudicially on that level.
- In any event, the realities of our country are such that the State will not be able to sufficiently fund the educational needs on its own in the near future and accordingly informal partnerships aimed at the education of our youth will always be a welcome relief for the State coffers as each child receiving private education alleviates the financial burden on the State.

Added to the above, Curro is driven by an extremely competent and focused executive team with the ability to identify and exploit attractive opportunities with long-lasting benefits.

I believe that the main role-players who are involved in the activities of Curro, whether as learners, educators, shareholders or investors have interesting times ahead and that they will never regret the commitment shown to Curro in its early listed life. I know that those driving the company, including my fellow Board members and the executive committee are fully committed to its cause and I sincerely thank all of them for their unselfish efforts to keep making our dreams come true.

Curro Aurora Private School learners

> The meaningful conclusion that one can make is that the relationship between State and private school sector should be deemed as very positive

South Africa has many challenges in terms of shaping the educational landscape. The country has 32 000 schools, including more or less 4 000 registered and unregistered private schools. Most of these private schools are very small and less than 100 of these educate more than 1 000 learners per campus. The government has many challenges, of which the maintaining of good curriculum standards is but one. They have, however, changed the general educator:learner ratio from 1:70 (pre-1994) to more or less 1:40 and this creates the platform for further positive development. There is, however a large proportion of parents who became used to a ratio of 1:28 in ex-model C schools and for these parents to revert back to a situation where 1:40 is still regarded as acceptable, is very difficult, if not almost impossible. It makes sense then that the provision of private schools where a ratio of 1:25 can be guaranteed, is accepted as extremely positive. Parents have been flocking to private schools since 1990 and the momentum of this pattern increased steeply after 2000.

Private schools are protected by the Constitution. For every private school that Curro develops, the State saves R80 million plus an annual running budget of about R30 million. These savings can then be used to build new State schools in the less affluent areas. The meaningful conclusion that one can make is that the relationship between State and private school sector should be deemed as very positive.

It is against this background that Curro has become a very attractive business environment. With 19 campuses accommodating 11 695 learners currently, one can confirm that the Company is speedily growing towards its target of 40 schools by 2020.

Curro is well positioned to add at least one large acquisition to its Established Private School division. With the number of Curro Traditional Private Schools striking at least 20 by the end of 2012 and with the entering of the Community Private School market under the Meridian brand, Curro has the prospects of reaching 30 schools by the end of 2012.

Curro's strategic intent is to grow aggressively. We aim to make use of suitable opportunities for as long as the market is unsaturated. It therefore leaves me with no other choice than to declare that we now aim for much more than 40 schools by 2020.

Quality education happens at classroom level. It is here that the future of a country is defined. I salute all the educators for their diligent efforts. You are true heroes!

Curro Durbanville Private School

The set of financial results clearly reflects Curro's position in the life cycle of a company aggressively expanding its capacity subject to significant capital and cost investments

Introduction

The set of financial results clearly reflects Curro's position in the life cycle of a company aggressively expanding its capacity subject to significant capital and cost investments. Turnover saw a significant increase of 125% to R166.3 million followed by an 18% decline in earnings before interest tax depreciation and amortisation (EBITDA) and the movement from headline profit of R5.2 million in 2010 to a loss of R7.4 million in 2011.

Nature of the business and measures of performance

Inherently, a school is capital intensive to establish and takes between one to three years before a positive EBITDA number is achieved. EBITDA is the current predominant measure to assess the performance of individual schools. Over time the EBITDA margin of a school should exceed at least 30%.

Curro follows a pooled approach for its debt, i.e. there is no individual debt ascribed to a specific school. Although financiers register bonds over the individual properties, the pooled cash flow situation is assessed in order to consider the serviceability of the loans.

Curro would assess the return on assets that a school can generate. Curro, however, counters the capital cost of establishing a campus by following an in-sourced model whereby construction costs are managed rigorously. The lower capital costs mean that Curro can charge very competitive school fees which are, in most instances, lower than other private schools with inferior facilities. As far as the return on assets is concerned, it begins with the correct identification of a suitable campus site and continuous marketing of the school from the day ground is broken for the erection of the buildings.

Expanding from 5 campuses in 2010 to 12 campuses in 2011, the adoption of a greater strategic intent and the subsequent listing of Curro on the JSE, will all stand to Curro's good stead in future, but caused the noteworthy reduction in EBITDA and earnings for the 2011 year.

Curro does not have an extensive group of companies. Save for Aurora, all the other school activities are, as far as possible, incorporated into the legal entity of Curro Holdings Limited.

Analysis of financial performance

Statement of comprehensive income

The Group's turnover increased by 125% to R166.3 million mainly as a result of the 80% increase in learner numbers from 3 083 in 2010 to 5 557 in 2011. School fees represent 84% of revenue with enrolment fees contributing 7% and the balance made up by other income, inter alia, aftercare fees and bus fees.

Satisfactory EBITDA growth and margins were delivered by the established campuses being Durbanville, Langebaan,

	% movement	**2011 R'000**	2010 R'000
EBITDA			
2009 schools (Durbanville, Langebaan, Hazeldean Primary)	26	**19 695**	15 666
2010 schools (Roodeplaat, Bankenveld)	58	**3 757**	2 373
2011 schools (Serengeti, Helderwyk, Heuwelkruin, Hermanus, Mossel Bay, Hazeldean High)		**(3 561)**	
Aurora acquired 2011		**7 285**	
Head office	219	**(16 695)**	(5 239)
Total	(18)	**10 481**	12 800
EBITDA margin (%)		**16**	24
2009 schools (%)		**29**	27
2010 schools (%)		**15**	17
2011 schools (%)		**(16)**	
Aurora acquired 2011 (%)		**16**	

Hazeldean, Roodeplaat and Bankenveld. The new campuses performed as expected and should move into positive EBITDA territory within the next year or two.

Head office costs increased in line with the expanded strategic intent of 40 schools by 2020 as well as the entering of the other market segments in the private school market being the Established Private Schools and Community Private Schools focusing on the lower end of the market. The biggest investment was into human resources with the appointment of three executives; a new Chief Financial Officer when Andries Greyling moved to the role of Chief Operating Officer. Hennie Louw is responsible for new business. Alta Greeff joined as curriculum expert in the Curro Centre for Educational Excellence (CCEE). Other appointments were made in the back office to take care of the administration of the increased number of schools. The implementation of a share incentive scheme caused a R720 000 charge. The listing also called for the expansion of the Board of Directors with the concomitant remuneration of said non-executives.

The establishment of the Curro brand also enjoyed prominence in the year with an additional significant investment in marketing costs of R2.7 million. We believe this contributed to the 2012 enrolment numbers exceeding management's estimates.

Other expenses significantly exceeding those of 2010 were transaction and legal fees, rent and other costs associated with a growing company.

The significant capital investments since 2009 led to an increase in interest expense from R5.1 million to R12.9 million in 2011.

The difference in the effective tax rate was as a result of the normalisation of certain deferred tax differences recognised in the previous financial years.

Statement of financial position

Curro's statement of financial position expanded in gross assets of R243 million in 2010 to R597 million in 2011. The majority of the investment, namely R175 million, was made into new campuses at the Serengeti Golf and Wildlife Estate in Johannesburg, Nelspruit, Heuwelkruin in Polokwane, Mossel Bay and Hermanus. R80 million was invested for expansion at existing campuses with R60 million being applied for acquisitions of which Aurora represented R43 million.

The R318 million raised in the July rights issue provided for the means to effect the abovementioned expansions. At debt to total capital of 31%, Curro remains relatively lowly geared.

The announced rights issue will lead to a capital inflow of at least R345 million in June 2012, which will further strengthen Curro's statement of financial position. The proceeds will assist with the payment of the two major acquisitions, Woodhill and Embury, and leave a war chest for following other attractive acquisition targets that may come to the fore as well as fund construction projects.

Accounts receivable have increased from 10.4 days to 14.5 days in 2011, with bad debts reaching about 1.5% of turnover from 1% of turnover in 2010. Although being satisfactorily low, the trend reflects the current economic environment.

Statement of cash flows

Despite the loss before taxation of R9.7 million (R4.7 million profit in 2010), the cash generated from operations were positively affected by, inter alia, the net positive increase in working capital of R14.1 million which included prepaid school fees that increased with R9.0 million to R16.0 million as at 31 December 2011.

Plans and targets for 2012

From a financial perspective, emphasis will be placed on the following:

- securing long-term debt funding for planned expansion in the 2012 and 2013 financial years;
- integrating the financial management and reporting of all acquisitions made with particular emphasis on the Meridian Private School venture;
- streamlining collection of accounts receivable in order to minimise working capital investment and bad debts; and
- improving the long-term forecasting model.

Acknowledgements

I would like to thank all our clients for their support during the year and would like to express my appreciation and efforts of all our staff.

Employees

Recruitment

Recruitment strategies have been designed and implemented to ensure a sustainable delivery of effective world-class education. It is crucial to have systems, structures and capacity to support the appointment of the appropriate staff. Curro will be as strong as the appointed educators, support staff and management. Special reference must be made to the level of competence amongst management appointed at school level. The following process has been implemented to ensure that the best appointments are made:

- Internal recruitment (all positions are internally advertised prior to external processes being followed)
- Centralised recruitment and database development
- Job profiling and person specification profiling
- Verification management
- Psychometric assessments
- Induction management

Managing the correct appointment largely manages the risk of employment.

Performance management

The educational system largely depends on assessment to measure the effectiveness of education and learning. It is also essential that educators be effectively assessed and managed to ensure standards are met as part of a quality management system and in order for continuous improvement and development to take place. A performance management system that assesses all employees at the various levels of the organisation was developed. The system measures:

- general job requirements including qualifications and experience;
- competencies;
- key performance areas and indicators linked to specific targets and standards;
- personal development; and
- assessments year on year against set standards.

Assessments take place at least once per annum and is used to determine remuneration and incentive schemes per individual employee.

Disciplinary processes

A comprehensive discipline and grievance policy is in place. The process allows for action to be taken where and when required. The policy is compliant with the guidelines and recommendations of the Labour Relations Act and Codes of Good Governance practice. All employees were part of a consultation process and received copies of the Disciplinary and Grievance policies.

Curro subscribes to substantial and procedurally fair practices and conducts all its employee relations in this manner. Practices are fair and equitable.

Promotion and development

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

The development of staff is of the highest importance. Management within the schools regularly attend conferences and partake in training sessions. A comprehensive learning and development path has been designed to develop educators, enabling them to be effective and to become eligible for promotions. It is acknowledged that talent can and will be retained through focused development which will create promotion opportunities.

Recognition programmes

Curro is in the process of establishing recognition programmes for all employees. The principle of rewarding excellence has been accepted and now forms part of the contract of employment. In future, reward and recognition will take place through the respective performance management programmes. Recognition will not only be in the form of monetary value, but will include other forms of recognition.

Employee feedback

A consultative process involving all employees has been implemented. Employees were invited to participate in the process and submitted feedback on various aspects of the business. Individual consultations took place to discuss areas of concern and clarification was given where required. Consultation and feedback will take place quarterly or more frequently if required.

Employees (continued)

Employee turnover statistics

Curro is a rapidly growing enterprise. Almost all the changes experienced in employee statistics are that of newly-appointed staff. The table below reflects the movement of staff during the past year.

Employee equity statistics

Curro completed an EE plan and report as per the relevant legislation. In the past, the EE committee was centralised at the Western Cape operations. With the rapid growth experienced it was decided to decentralise the employment equity committees to represent each school and business division. Committees will meet quarterly and the information received will be consolidated into one report. It is believed that the latter scenario will create transparency and legitimacy amongst all the relevant stakeholders. The report for the previous reporting period is submitted below.

Skills development

Skills development is one of the most significant aspects being addressed within Curro. Various training courses have been attended by all levels of staff. These courses include:

- William Glasser – Choices Theory
- Leadership development
- Curriculum changes and development courses for educators
- Implementation of robotics programmes (which forms part of the Curro curriculum)

Curro is fully compliant with regards to the Skills Levies Act and Skills Development Act. Meetings were centralised, but were decentralised recently. Each school has its own skills development committee, dealing with the requirements at the specific workplace. The information is collected and consolidated into one representative report.

As at 31 December 2011

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	4	0	0	0	0	0	0	4
Senior management	0	0	0	15	0	0	0	5	0	0	20
Professionally qualified and experienced specialists and mid-management	1	1	1	61	2	7	4	313	0	0	390
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	2	0	5	2	1	0	39	0	0	49
Semi-skilled and discretionary decision-making	9	0	0	6	11	7	1	46	0	0	80
Unskilled and defined decision-making	30	6	0	2	36	6	0	20	0	0	100
Total permanent	40	9	1	93	51	21	5	423	0	0	643
Temporary employees	0	0	0	1	0	0	0	9	0	0	10
Grand total	40	9	1	94	51	21	5	432	0	0	653

Succession management

Curro has expanded and restructured the head office function to ensure that responsibility and accountability is spread amongst the management team. Responsibilities such as the function of CEO, finance, commercial, operational and educational excellence have been clearly defined. Competent management is appointed to serve as support and backup.

The executive management at schools are competent leaders. Curro is in the process of appointing strong operational heads at the respective schools. These heads will be able to succeed executive heads.

Succession planning in scarce positions such as mathematics, physical science, life science and languages remains challenging and Curro is focusing on building capacity in these areas.

Industrial relations

All contracts have been updated and revised to ensure legal compliance. Consultation with all staff took place to standardise the conditions of employment throughout the schools.

All policies and procedures have been updated and circulated to each employee in the Group. Policies and procedures have been designed to regulate and administer the workplace in a manner that allows for the business to function optimally whilst managing risk. A consultation process addressed all the concerns in this regard.

Disciplinary matters are dealt with in terms of the relevant policies and procedures. There are no outstanding disputes.

Consultative committees are established at all schools to ensure that open communication and a consultative approach are encouraged and maintained. This should enhance and foster good and sustainable people relationships.

HIV and AIDS management

An HIV/AIDS policy was included in the Company's policies and procedures manual. The policy complies with the code of good practice regarding HIV/AIDS. Curro does not discriminate against employees affected by the disease and will encourage affected employees to obtain help and treatment. Curro has not had any report of an employee that has been affected.

Remuneration

The Board has delegated the responsibility of determining the remuneration of executive and non-executive directors to the remuneration committee. The committee also gives consideration to the composition and performance of the Board, as well as succession planning for the organisation, particularly in respect of the CEO.

Total reward consists of fixed salary as well as incentive schemes. This is reviewed annually to ensure that employees who contribute to the success of the Group and who have the potential to enhance Group performance are remunerated in line with the market and their performance.

Remuneration is benchmarked against appropriate surveys on a regular basis.

During the past year extensive research regarding private sector compensation, private school compensation and government school compensation for general employees took place. Curro salaries, in general, are well positioned to ensure that the required talent is drawn. In certain scarce skills the scarcity of the skill determines the salary and not other comparative sectors.

Salary scales

Guidelines representing certain salary bands were established to ensure consistency and non-discriminatory practices in the Group. This appears to be effective and new appointments take place within these bands.

The bands are not published and are used as a guideline by the respective executive heads. Curro is of the opinion that they need to move away from the public school model where everybody knows what the other person's remuneration is. This argument becomes even more valid when employees are compensated based on performance.

Incentive schemes

Curro firmly believes in compensating for performance. Various systems are in the process of being developed to ensure fair reward takes place in this regard. Incentive schemes will acknowledge excellence in academics, sport and culture, financial management, marketing, people, and general management of facilities and assets.

During the financial year a share incentive scheme was introduced. Shares were allocated to the senior management within the Group. The number of shares allocated is based on the employee's relative seniority and responsibility, salary and share price. The vesting of the shares will commence on the second anniversary of the allocation date and will vest 25% per annum.

Executive and non-executive remuneration

The remuneration of executives is managed and controlled by an independent remuneration committee.

The remuneration of non-executives is approved by the Curro Board of Directors.

Employee benefits

Curro is in the process of making strides to be an employer of choice. A 13th cheque was implemented during 2011. It is envisaged that maternity benefits for staff may be implemented in the near future. Curro also has a study assistance benefit which is supported by the Group development policy and practices.

All employees partake in the provident fund scheme. The scheme provides life and disability cover as well as a savings scheme.

Corporate Governance

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

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

Board of directors

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

The primary responsibilities of the members are to:

- approve the strategic intent as presented to the Board by the Executive Committee;
- review and approve financial reports, budgets and business plans;
- approve annual and interim financial reports;
- review risk management strategies and ensure internal controls and compliance policies;
- advise on corporate finance;
- consider the Company's employment equity and make recommendations;
- advise on stakeholder communication and governance issues;
- make material investment, disinvestment and refinancing or restructuring decisions;
- evaluate and monitor the performance of the Board, individual directors, the Chief Executive Officer and executive management;
- with the recommendation of the Remuneration Committee, approve executive remuneration and incentive schemes;
- appoint all new directors and the Chief Executive Officer and ensure appropriate orientation and induction of new directors;
- define clear areas of responsibility at Board level to ensure appropriately limited individual decision-making ability; and
- determine and approve amendments to the Group's treasury policy.

During the year under review Curro had five Board meetings which were attended as follow:

	10/02	11/03	13/05	12/08	25/11
AJF Greyling	P	P	P	P	P
JA le Roux	P	P	P	P	P
MC Mehl	NA	NA	A	P	P
PJ Mouton	P	P	P	A	P
B Petersen	NA	NA	P^	P	A
B van der Linde	P	P	P	P	P
CR van der Merwe	P	P	P	P	P
M Vilakazi	NA	NA	P	P	A

P = Present; A = Absent; NA = Not appointed yet; ^ = Participated through conference call.

Board appointments

Appointments to the Board are made in terms of a formal and transparent policy of which recommendations are made by fellow Board members with the input of other significant stakeholders, on the basis of the needs of the Company and the set of skills/experience that such appointee can bring to the table. The Board takes cognisance of these factors before making any such appointment. There is no Nomination Committee as the entire Board takes responsibility for its appointments.

During April 2011, prior to its listing, three independent non-executive board members, Mr B Petersen, Prof. MC Mehl and Ms M Vilakazi were appointed.

During February 2012, Mr HG Louw was appointed as executive director.

Executive directors are employed under employment agreements and non-executive directors are appointed by shareholders at the AGM. At least one-third of non-executive directors will be up for re-election annually.

Board composition

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

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

The Board is chaired by Adv. JA le Roux SC who acts in this capacity as a non-executive chairman. The Chairman of the Board is responsible, inter alia, for ensuring the integrity and effectiveness of the Board's governance processes.

Prof. MC Mehl acts as the Lead Independent Director in accordance with paragraph 3.84(c) of the Listings Requirements of the JSE.

The responsibilities of the Lead Independent Director are, inter alia, as follows:

Enhancing board effectiveness

- Working with the Board Chair/CEO and Corporate Secretary to ensure the Board has adequate resources, especially by way of full, timely and relevant information to support its decision-making requirements.
- Chairing Board meetings when the Board Chair/CEO is unavailable or when there is any potential conflict.
- Together with the Chairman of the Board, the Lead Independent Director shall annually review the purpose of the Committees of the Board and recommend to the Board any changes deemed necessary or desirable to the purpose of the Committees and whether any Committees should be created or discontinued.

The Board's governance and management functions are linked through the Chief Executive Officer, Dr CR van der Merwe, who is tasked with the running of the business and the implementation of the policies and strategies adopted by the Board, as recommended by the Curro Executive Committee.

Rotation of directors

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

Delegation of powers

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

Where appropriate, the Board authority delegates certain specific powers usually for the purpose of implementation by way of written Board resolutions.

Board committees

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

Audit and risk committee

The Audit Committee, which also acts as a Risk Committee, is primarily responsible for overseeing the Company's financial reporting process on behalf of the Board. The Audit and Risk Committee sets the principles for the annual appointment and evaluation of the external auditors, the audit plan and audit fees, as well as the use of external auditors for non-audit services. The Audit Committee, on an annual basis, considers and satisfies itself as to the appropriateness of the expertise and experience of the Financial Director of the Company. In addition, risks are identified through the input of management and external audit. The Risk Committee is overseeing these risks through the feedback on processes in place to monitor or manage the risks. No breakdown or significant breach in internal financial controls occurred during the year and the Audit Committee is comfortable with the said environment. There were no extraordinary risks taken or any losses suffered as a result of the occurrence of a risk that could have been managed.

Also refer to the report from the Audit Committee on pages 36 to 37.

The Audit Committee comprises only independent, non-executive directors, being Ms M Vilakazi as chairperson and Prof. MC Mehl and Mr B Petersen as its elected members. The Audit Committee meets at least twice a year.

During the year under review the Audit and Risk Committee met on 12 August 2011 where all the members were present.

Remuneration committee

The Remuneration Committee is responsible for assisting the Board in remunerating directors and senior management within the Group. The Remuneration Committee comprises predominately of non-executive directors, being Adv. JA le Roux and Mr PJ Mouton as well as invitees, being Messrs CA Otto and N Treurnicht, the majority of whom are independent and is chaired by Mr CA Otto. The Remuneration Committee meets at least once a year.

Communications

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

Management of risks

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

Information Technology is an important business component and the Board receives specific feedback on the status of Information Technology throughout the Group.

Compliance with King III

Areas where Curro is not fully compliant with King III are explained below:

The Board must ensure that there is an effective risk-based internal audit	Given that Curro was operating in a private, unlisted environment and given the size and nature of the business operations of Curro, it was not considered necessary that a formal internal audit function should be established in regard to internal audit and risk. Since Curro has now converted to a public company, which will operate in a listed environment, an internal audit function, appropriate to the size and nature of Curro's business, will be implemented over time.
The Board must elect a Chairman of the Board who is an independent non-executive director. The CEO of the Company should not also fulfil the role of Chairman of the Board	The roles of the CEO and Chairman are fulfilled by separate individuals. The current Chairman is non-executive, but not independent. After careful consideration, the Board believes that this is most appropriate for the business given the experience of the Chairman and the relative inexperience of the independent non-executive directors pertaining to Curro's business. A Lead Independent Director was appointed.
The Board must comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	The majority of the directors are non-executive. The majority of directors are not independent. Given the size of Curro's business and that the JSE Listings Requirements for AltX companies does not require that the majority of directors be independent and given that the Board is satisfied that all directors, notwithstanding that they may not meet the technical definition of independence as laid down by King lll, are capable of exercising their decisions on an independent basis, the Board does not consider that the cost of appointing additional independent directors warrants the application of this principle.
The induction of and ongoing training and development of directors should be conducted through formal processes	The nature of the business does not warrant a formal induction process yet. New directors will have unlimited access to the Company's resources in order to familiarise themselves with all matters related to the Company.
Shareholders should approve the Company's remuneration policy	Given that Curro was previously a private company with a limited number of private shareholders having representation at board level, it was not considered necessary for shareholders to approve the remuneration policy. After careful consideration, the Board is of the view that its directors are best placed, having specific industry knowledge, to determine and approve the Company's remuneration policy. This will be monitored and to the extent that circumstances change, the Board will reconsider the application of this principle.
Sustainability reporting and disclosure should be integrated with the Company's financial reporting	Due to the nature of its business (i.e. education on annuity basis and inherent soft impact on the environment), Curro will not produce a separate sustainability report for the time being.
Sustainability reporting and disclosure should be independently assured	Due to the nature of its business (i.e. education on annuity basis and inherent soft impact on the environment) Curro will not produce a separate sustainability report for the time being.

Stakeholder engagement

Curro recognises the importance of engaging with various stakeholders to understand and respond to their particular interests and concerns, whilst ensuring continued value creation for its shareholders. The list of stakeholders with whom Curro engages has been reviewed to ensure that it includes all individuals and organisations directly or indirectly affected by its activities. The table below outlines its relationship with different groups of stakeholders, their perceived expectations and how the interaction is managed.

Table of key stakeholders

Stakeholder	Relationship to Curro	Expectations of stakeholder	How managed by Curro
Shareholders	Owners and providers of capital	Security of investment	Strong board and executive leadership
		Optimal earnings and distributions	Good corporate governance practices
		Ethical operations on a sustainable basis, with long-term real growth in performance	Succinct reporting via SENS, website and hard copy
Employees	Employment and service agreements	Safe, healthy and congenial working conditions	School buildings comply with health and safety regulations
		Market-related terms of employment and remuneration	Skills training and development
		Job security, satisfaction and recognition	Curro Centre for Curriculum Excellence (CCEE)
		Opportunities for skills acquisition, career development and empowerment	
Learners/Parents	Learners are enrolled at Curro Private Schools to obtain world-class education	Safe, healthy and congenial conditions	Curro Centre for Educational Excellence (CCEE)
		Excellent school facilities	Learners writing examinations of the Independent Examinations Board (IEB)
		Excellent education and academical results	The operational team commits to developing new schools and improving existing schools to offer the best facilities available. Emphasis is also placed on new trends and technology
			Small classes with a maximum learner/educator ratio of 1:25
			Employment of qualified and experienced educators

Stakeholder	Relationship to Curro	Expectations of stakeholder	How managed by Curro
Government	Monitors of compliance with laws and regulations	Compliance with laws, submission of returns, payment of taxes	Improving skills and ability of employees to secure compliance
	Receivers of taxes, levies and rates	Social investment	Prompt response in instances of non-compliance
		Generator of employment	External audit identifies non-compliance
			Bursaries and subsidies offered
Financial institutions	Funding for expansion	Financial stability and sustainability	Accurate budget and planning process with continuous monitoring
		Accurate financial reporting	The audited financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates

Dealing in securities

Policy dictates that directors and executive management (and all employees with access to management reports) obtain clearance to trade in Curro shares. The Chairman of the Board, the Chief Executive Officer and Chief Financial Officer are mandated to authorise clearance to deal in Curro shares. No trading is allowed during closed periods or when information exists that may affect the share price that has not been disclosed to the public. Director trading as well as that of the Company Secretary and any of their associates are published on the JSE SENS in accordance with regulatory requirements.

Contents

COMPANY SECRETARY'S CERTIFICATION

Declaration by the Company secretary in respect of section 88(2)(e) of the Companies Act

In terms of section 88(2)(e) of the Companies Act, No. 71 of 2008, as amended, I certify that the Group has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and, that all such returns are true, correct and up to date.

Mr AJF Greyling
Company Secretary

Durbanville
23 March 2012

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act, No. 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the audited annual financial statements and related financial information included in this report. It is their responsibility to ensure that the audited annual financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards and the Companies Act. The external auditor is engaged to express an independent opinion on the audited annual financial statements.

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

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

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

The directors have reviewed the Group's cash flow forecast for the year to 31 December 2012 and, in the light of this review and the current financial position, they are satisfied that the Group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently reviewing and reporting on the Group's audited annual financial statements. The audited annual financial statements have been examined by the Group's external auditor and its report is presented on page 35.

The audited annual financial statements set out on pages 36 to 82, which have been prepared on the going concern basis, were approved by the directors on 23 March 2012 and were signed on its behalf by:

Adv. JA le Roux
Non-executive Chairman

Dr CR van der Merwe
Chief Executive Officer

Durbanville
23 March 2012

INDEPENDENT AUDITORS' REPORT

To the shareholders of Curro Holdings Limited

We have audited the Group annual financial statements and annual financial statements of Curro Holdings Limited, which comprise the consolidated and separate statements of financial position as at 31 December 2011, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' report, as set out on pages 36 to 82.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, those financial statements present fairly, in all material respects, the consolidated and separate financial position of Curro Holdings Limited as at 31 December 2011, 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.

Deloitte & Touche

Deloitte & Touche
Registered auditor
Per: MA van Wyk
Partner

30 March 2012

1st Floor, The Square
Cape Quarter
27 Somerset Road
Green Point
8005

AUDIT COMMITTEE REPORT

This report is provided by the Audit Committee appointed in respect of the 2011 financial year of Curro Holdings Limited and its subsidiaries.

1. MEMBERS OF THE AUDIT COMMITTEE

The members of the Audit Committee are all independent non-executive directors of the Group and include:

Name	**Qualification**
Ms M Vilakazi (Chair)	BComm (Hons) CA(SA)
Prof. MC Mehl	PhD (Physics)
Mr B Petersen	BComm (Hons) CA(SA)

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, No. 71 of 2008, and Regulation 42 of the Companies Regulation, 2011.

The Company Secretary is secretary of this committee.

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

2. MEETINGS HELD BY THE AUDIT COMMITTEE

The Audit Committee performs the duties laid upon it by section 94(7) of the Companies Act, No. 71 of 2008, by holding meetings with the key role-players on a regular basis and by the unrestricted access granted to the external auditor.

The committee held one scheduled meeting during 2011 as it was only constituted in the middle of 2011. All the members of the committee attended the meeting.

3. INTERNAL AUDIT

The committee is in the process of considering and evaluating the possibility of outsourcing certain internal audit functions as the current size of the business does not justify the appointment of permanent resources in this regard. The committee will continue to evaluate this position as the business grows.

4. EXTERNAL AUDITOR

The Audit Committee has nominated Deloitte & Touche as the independent auditor and Michael van Wyk as the designated partner, who is a registered independent auditor, for appointment of the 2011 audit.

The committee satisfied itself through enquiry that the external auditor is independent as defined by the Companies Act, No. 71 of 2008, and as per the standards stipulated by the auditing profession.

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

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

5. AUDITED ANNUAL FINANCIAL STATEMENTS

Following the review of the audited annual financial statements the Audit Committee recommend Board approval thereof.

6. ACCOUNTING PRACTICES AND INTERNAL CONTROL

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

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

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

7. **EVALUATION OF CHIEF FINANCIAL OFFICER**

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

On behalf of the Audit Committee

Ms M Vilakazi
Chairperson: Audit Committee

Durbanville
23 March 2012

DIRECTORS' REPORT

The directors submit their report for the year ended 31 December 2011.

1. INCORPORATION

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

2. REVIEW OF ACTIVITIES

Overview

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

It has become apparent that the private school market offers other segments that look promising from a business perspective. Although Curro will remain a focused player in school education it will now expand from the original, affordable Curro schools to three additional market segments being:

- the high-end private school market;
- a private community school initiative known as Meridian Private Schools focusing on the lower end of the market; and
- the baby care/créche market that will be known as Curro Junior Academy.

Since 2009 Curro has expanded its country-wide network of private schools from 5 to 15. The number of learners has increased threefold from 3 000 in 2010 to more than 9 300 currently enrolled at Curro schools. In this period 2 700 learners accounted for organic growth.

A total of 220 Curro matrics undertook and passed the 2011 IEB examination at the end of last year, with 80% receiving matric exemption. An average mark of 64% was achieved, while 92% of the learners obtained an average of more than 50%.

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

Net loss of the Group was R7.404 million (2010: R5.236 million profit), after taxation of R1.767 million credit (2010: R0.553 million).

3. EVENTS AFTER THE REPORTING PERIOD

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

- The Group is in the process of acquiring:
  - the business and properties of Embury College and Wonderland College, a combined school based in Morningside, Durban;
  - the business and properties of Hillcrest Christian Academy, a pre-primary and primary school based in Hillcrest, Durban;
  - land in Century City, Cape Town for the construction of a campus;
  - land in Bloemfontein for the construction of a campus; and
  - Woodhill College (Pty) Limited and Woodhill College Property Holdings (Pty) Limited for an amount of R175 million (subject to Competition Commission approval).

- The Company has issued a circular to shareholders on 16 February 2012 in regard to:
  - the conversion of the Company's par value shares into non-par value shares pursuant to the provisions of the Companies Act, No. 71 of 2008, as amended;
  - to increase the authorised non-par value ordinary share capital of the Company;
  - the placing of the authorised but unissued shares under the control of the directors until the next annual general meeting;
  - the consequential amendment to the Company's memorandum of incorporation; and
  - granting of authority to the board of directors of the Company to provide direct or indirect financial assistance in terms of section 45 of the Companies Act, No. 71 of 2008, as amended.

- Aurora College (Pty) Limited and the related property entities acquired will be divisionalised into Curro Holdings Limited.

- On 28 February 2012 the Company announced that it intends to raise R348 222 414 by way of an underwritten renounceable rights offer of 58 037 069 new Curro ordinary shares to qualifying shareholders at a subscription, price of 600 cents per rights offer share, in the ratio of 36 rights offer shares for every 100 Curro ordinary shares held.
- The capital gains inclusion rate was increased from 50% to 66.6% which will result in a R625 996 increase deferred taxation liability of the Company and the Group.

There are no other significant events that have occurred since 31 December 2011 that require disclosure in the annual financial statements. The events above do not affect the current financial period.

4. AUTHORISED AND ISSUED SHARE CAPITAL

The authorised share capital was increased from R1 000 to R2 000 by the creation of 100 000 000 ordinary shares with a par value of R0.00001 each on 1 April 2011 to 200 000 000 ordinary shares with a par value of R0.00001 each.

On 2 June 2011 200 000 ordinary shares were issued at R4 per share to obtain the minimum shareholder spread required. R800 000 was raised before deduction of issue costs and listing expenses and 80 607 040 ordinary shares were issued at R4 per share in a rights offer to raise an additional R322 428 000 before deduction of issue costs and listing expenses.

Total share issue costs of R3 773 493 were off-set against the raised capital.

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

5. NON-CURRENT ASSETS

The Company and Group incurred significant capital expenditure as part of its expansion plans.

Capital additions for the Group amounted to R250.800 million (2010: R126.743 million) while additions through business combinations amounted to R59.782 million (2010: R7.008 million).

Capital additions for the Company amounted to R237.071 million (2010: R120.261 million) while additions through business combinations amounted to R39.038 million (2010: R7.073 million).

6. DIVIDENDS

No dividends were declared or paid to shareholders during the year. In the prior year a capitalisation issue was made to the value of R1.017 million.

7. DIRECTORS

The directors of the Company during the year and to date of this report are as follows:

Name	Changes
Mr AJF Greyling	
Adv. JA le Roux *(Chairman)*	
Mr PJ Mouton	
Mr B van der Linde	
Dr CR van der Merwe	
Mr B Petersen	Appointed 15 April 2011
Ms M Vilakazi	Appointed 15 April 2011
Prof. MC Mehl	Appointed 15 April 2011
Mr HG Louw	Appointed 29 February 2012
Mr FW Swart	Resigned 1 February 2011

All directors are South African citizens.

8. SECRETARY

The secretary of the Company is Mr AJF Greyling of:

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

9. HOLDING COMPANY

The Company's holding company is PSG Financial Services Limited incorporated in South Africa.

10. ULTIMATE HOLDING COMPANY

The Company's ultimate holding company is PSG Group Limited incorporated in South Africa.

11. INTEREST IN SUBSIDIARIES

Name of subsidiary	**Total comprehensive income after tax for 2011**	Total comprehensive income after tax for 2010
Curro Langebaan (Pty) Limited*	**–**	938 954
Aurora College (Pty) Limited**	**2 667 758**	–
Plot One Hundred Bush Hill (Pty) Limited***	**103 076**	–

* Dormant
** Education
*** Property holding

Details of the Company's investment in subsidiaries are set out in note 6.

No subsidiary passed any special resolutions since the previous reporting period relating to its capital structure, borrowing powers, the object clause contained in the memorandum of association or memorandum of incorporation or any other material matter that affects the understanding of the Company and its subsidiaries.

12. AUDITOR

Deloitte & Touche will continue in office in accordance with section 90 of the Companies Act, No. 71 of 2008.

13. SHAREHOLDING OF DIRECTORS

The shareholding of directors, excluding the participation in the share incentive schemes, in the issued share capital of the Company as at 31 December 2011 was as follow:

	2011				2010	
Director	**Direct**	**Indirect**	**Number**	**%**	Number	%
Adv. JA le Roux	**–**	**15 500 000**	**15 500 000**	**9.6**	7 685 478	9.6
Dr CR van der Merwe	**–**	**5 170 000**	**5 170 000**	**3.2**	2 929 510	3.6
Mr PJ Mouton	**–**	**963 131**	**963 131**	**0.6**	–	–
Mr AJF Greyling	**–**	**810 000**	**810 000**	**0.5**	909 159	1.1
Mr B van der Linde	**3 283**	**–**	**3 283**	**–**	–	–
Mr HG Louw	**3 900**	**–**	**3 900**	**–**	–	–
	7 183	**22 443 131**	**22 450 314**	**13.9**	11 524 147	14.3

Except where disclosed the directors do not have an interest in contracts that the Company enters into. There has been no change in directors' interests from the financial year-end to the date of approval of the financial statements.

14. GOING CONCERN

The annual financial statements and Group annual financial statements set out on pages 42 to 82 have been prepared on the going concern basis since the directors have every reason to believe the Company and Group have adequate resources in place to continue in operation for the foreseeable future.

15. DESIGNATED ADVISER

Sasfin Capital (a division of Sasfin Bank) acts as designated adviser for the Group. PSG Capital acts as corporate adviser providing advice on the interpretation and compliance with the Listings Requirements of the JSE Limited ("JSE") and reviewing notices required in terms of the Company's memorandum of incorporation and the JSE's rules and regulations.

16. REPORT OF THE AUDIT COMMITTEE

The report of the Audit Committee, as required in terms of section 94(7)(f) of the Companies Act, No. 71 of 2008, is set out on pages 36 to 37 of the financial statements.

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

18. PROFIT FORECASTS

In terms of section 8.63(g), a listed company is required to state the reasons in its annual financial statements when actual results vary by 20% or more than it released in a profit forecast.

Curro management published a forecast for the year ending 31 December 2011 ("the Profit Forecast") in its pre-listing statement dated 26 May 2011. The Profit Forecast was based on the facts and assumptions known to management at the time. However, Curro has subsequently built additional capacity and seized more opportunities than initially anticipated. The costs associated with same have consequently had a negative impact on earnings during the current reporting period.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2011

		Group		Company	
		2011	2010	**2011**	2010
	Notes	**R'000**	R'000	**R'000**	R'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	**529 938**	225 318	**474 687**	204 276
Goodwill	4	**39 283**	8 208	**18 055**	2 465
Intangible assets	5	**5 440**	1 783	**3 364**	1 783
Investments in subsidiaries	6	**–**	–	**43 500**	6 000
Deferred tax	8	**–**	1 578	**–**	1 719
		574 661	236 887	**539 606**	216 243
Current assets					
Loans to related parties	7	**–**	–	**7 703**	19 152
Current tax receivable		**78**	–	**78**	–
Trade and other receivables	9	**12 836**	2 285	**12 382**	2 023
Cash and cash equivalents	10	**9 837**	4 139	**8 688**	3 755
		22 751	6 424	**28 851**	24 930
Total assets		**597 412**	243 311	**568 457**	241 173
EQUITY AND LIABILITIES					
Equity					
Share capital	11	**369 787**	51 018	**369 787**	51 018
Share-based payment reserve	12	**720**	–	**720**	–
(Accumulated loss)/Retained income		**(734)**	6 670	**(9 066)**	6 158
		369 773	57 688	**361 441**	57 176
Liabilities					
Non-current liabilities					
Loans and other financial liabilities	13	**122 416**	99 779	**122 275**	99 383
Operating lease liability		**–**	7	**–**	7
Deferred tax	8	**10 193**	–	**118**	–
		132 609	99 786	**122 393**	99 390
Current liabilities					
Loans from related parties	7	**38 686**	54 441	**38 686**	54 441
Loans and other financial liabilities	13	**12 291**	10 833	**12 291**	10 607
Current tax payable		**882**	63	**4**	4
Operating lease liability		**7**	29	**7**	29
Trade and other payables	14	**43 164**	17 248	**33 635**	16 303
Bank overdraft	10	**–**	3 223	**–**	3 223
		95 030	85 837	**84 623**	84 607
Total liabilities		**227 639**	185 623	**207 016**	183 997
Total equity and liabilities		**597 412**	243 311	**568 457**	241 173

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

	Notes	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Revenue	15	**166 298**	74 031	**122 521**	62 316
Other income		**4 036**	1 572	**6 510**	3 259
Operating expenses		**(166 557)**	(65 814)	**(134 283)**	(59 121)
Operating profit/(loss)	16	**3 777**	9 789	**(5 252)**	6 454
Investment revenue	17	**1 437**	136	**1 398**	2 360
Finance costs	18	**(14 385)**	(5 242)	**(14 334)**	(5 177)
(Loss)/Profit before taxation		**(9 171)**	4 683	**(18 188)**	3 637
Taxation	19	**1 767**	553	**2 964**	857
(Loss)/Profit for the year		**(7 404)**	5 236	**(15 224)**	4 494
Other comprehensive income		**–**	–	**–**	–
Total comprehensive (loss)/income		**(7 404)**	5 236	**(15 224)**	4 494
Earnings per share					
Per share information					
Basic (loss)/earnings per share (cents)	22	**(6.20)**	6.50	**–**	–
Diluted (loss)/earnings per share (cents)	22	**(6.20)**	6.50	**–**	–

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2011

Group	Share capital R'000	Share-based payments reserve R'000	(Accumulated loss)/ Retained income R'000	Total equity R'000
Balance at 1 January 2010	50 000	–	2 452	52 452
Changes in equity				
Total comprehensive income for the year	–	–	5 236	5 236
Capitalisation issue	1 018	–	(1 018)	(1 018)
Total changes	1 018	–	4 218	5 236
Balance at 1 January 2011	**51 018**	**–**	**6 670**	**57 688**
Changes in equity				
Total comprehensive loss for the year	**–**	**–**	**(7 404)**	**(7 404)**
Issue of shares	**322 543**	**–**	**–**	**322 543**
Share issue costs	**(3 774)**	**–**	**–**	**(3 774)**
Recognition of share-based payments	**–**	**720**	**–**	**720**
Total changes	**318 769**	**720**	**(7 404)**	**312 085**
Balance at 31 December 2011	**369 787**	**720**	**(734)**	**369 773**
Company				
Balance at 1 January 2010	50 000	–	2 682	52 682
Changes in equity				
Total comprehensive income for the year	–	–	4 494	4 494
Capitalisation issue	1 018	–	(1 018)	–
Total changes	1 018	–	3 476	4 494
Balance at 1 January 2011	**51 018**	**–**	**6 158**	**57 176**
Changes in equity				
Total comprehensive loss for the year	**–**	**–**	**(15 224)**	**(15 224)**
Issue of shares	**322 543**	**–**	**–**	**322 543**
Share issue costs	**(3 774)**	**–**	**–**	**(3 774)**
Recognition of share-based payments	**–**	**720**	**–**	**720**
Total changes	**318 769**	**720**	**(15 224)**	**304 265**
Balance at 31 December 2011	**369 787**	**720**	**(9 066)**	**361 441**

STATEMENT OF CASH FLOWS

for the year ended 31 December 2011

	Notes	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Cash flows from operating activities					
Cash generated from operations	23	**25 112**	15 769	**12 587**	13 128
Interest income		**1 437**	136	**1 398**	2 360
Finance costs		**(14 385)**	(5 242)	**(14 334)**	(5 177)
Tax paid	24	**(670)**	(594)	**(19)**	(541)
Net cash generated from/(utilised in) operating activities		**11 494**	10 069	**(368)**	9 770
Cash flows from investing activities					
Purchase of property, plant and equipment	3	**(250 800)**	(120 613)	**(237 071)**	(114 131)
Sale of property, plant and equipment	3	**105**	100	**–**	100
Business combinations	25	**(27 276)**	(690)	**(47 361)**	(627)
Acquisition of subsidiaries	26	**(49 748)**	–	**(43 500)**	–
Loans to group companies repaid		**–**	–	**19 152**	–
Loans advanced to group companies		**–**	–	**(7 703)**	(4 536)
Net cash utilised in investing activities		**(327 719)**	(121 203)	**(316 483)**	(119 194)
Cash flows from financing activities					
Proceeds on share issue	11	**318 769**	–	**318 769**	–
Proceeds from loans and other financial liabilities		**22 132**	62 144	**21 993**	61 777
Repayment of loans and other financial liabilities		**–**	(15 037)	**–**	(16 430)
Proceeds from loans from related party		**–**	54 441	**–**	54 441
Repayment of loans from related party		**(15 755)**	–	**(15 755)**	–
Net cash from financing activities		**325 146**	101 548	**325 007**	99 788
Total cash and cash equivalents movement for the year		**8 921**	(9 586)	**8 156**	(9 636)
Cash and cash equivalents at the beginning of the year		**916**	10 502	**532**	10 168
Total cash and cash equivalents at the end of the year	10	**9 837**	916	**8 688**	532

ACCOUNTING POLICIES

1. PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS

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

The addresses of its registered office and principal place of business are disclosed in the general information to the annual report.

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

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

These accounting policies are consistent with the previous period.

1.1 Consolidation

Basis of consolidation

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

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

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

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

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

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

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction are regarded as equity 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 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 assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

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

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

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

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

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 at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

1.2 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

1. PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS (continued)

1.2 Property, plant and equipment (continued)

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

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

1.3 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

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

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

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

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

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

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

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

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

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

Item	Useful life
Learner enrolments	1 – 14 years

1.4 Investments in subsidiaries

Company audited annual financial statements

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

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

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

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

1.5 Financial instruments

Classification

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

- loans and receivables; 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 reassessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

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

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

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

Subsequent measurement

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

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

Impairment of financial assets

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

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

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

Impairment losses are recognised in profit or loss

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

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

1. PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS (continued)

1.5 Financial instruments (continued)

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.

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

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

Trade and other receivables are classified as loans and receivables.

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

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

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

1.6 Tax

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

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the 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 liability is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

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

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

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

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

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

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

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

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

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

1. PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS (continued)

1.7 Leases (continued)

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

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

1.8 Impairment of assets

The Group 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 estimates the recoverable amount of the asset.

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

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

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

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

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

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

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

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

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

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

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

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

1.9 Share capital and equity

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

Share issue costs are deducted from raised capital.

1.10 Share-based payments

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

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

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

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

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

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

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

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

1.11 Employee benefits

Short-term employee benefits

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

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

The expected cost of 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.

1.12 Provisions and contingencies

Provisions are recognised when:

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

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.

1. PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS (continued)

1.12 Provisions and contingencies (continued)

Provisions are not recognised for future operating losses.

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

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

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

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

1.13 Revenue

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

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

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

Registration fees are recognised on enrolment.

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

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

1.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:
- actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings; and
- weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:
- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

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

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

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

1.15 Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Useful lives and residual values

The estimated useful lives for property, plant and equipment are:

Land and buildings	50 years
Premises equipment	5 years/6 years
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	6 years
Computer equipment	3 years
Computer software	2 years
School equipment	5 years/6 years

Estimated useful lives and residual values are reviewed annually, taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the education industry where the assets are used.

Impairment of assets

Goodwill, intangible assets, property, plant and equipment and accounts receivable are assessed annually for impairment.

Deferred taxation assets

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

Fair values in business combinations

Management uses valuation techniques to determine the fair value of assets and liabilities acquired in a business combination. Fair value of property, plant and equipment is determine 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.

Contingent liabilities

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

Doubtful debt

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

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

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

IAS 24 – Related Party Disclosures (Revised)
The revisions to IAS 24 include a clarification of the definition of a related party as well as providing a partial exemption for related party disclosures between government-related entities.

The effective date of the amendment is for years beginning on or after 1 January 2011.

IFRS 3 – Business Combinations
Amendments to transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS.

Clarification on the measurement of non-controlling interests.

The effective date of the amendment is for years beginning on or after 1 July 2010.

IFRS 7 – Financial Instruments: Disclosures
Amendment clarifies the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments and removed some disclosure items which were seen to be superfluous or misleading.

The effective date of the amendment is for years beginning on or after 1 January 2011.

IAS 1 – Presentation of Financial Statements
Clarification of statement of changes in equity.

The effective date of the amendment is for years beginning on or after 1 January 2011.

IAS 34 – Interim Financial Reporting
Clarification of disclosure requirements around significant events and transactions including financial instruments.

The effective date of the amendment is for years beginning on or after 1 January 2011.

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2012 or later periods.

IFRS 9 – Financial Instruments
New standard that forms the first part of a three-part project to replace IAS 39 – Financial Instruments: Recognition and Measurement.

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

IFRS 7 – Financial Instruments: Disclosures
Amendments require additional disclosure on transfer transactions of financial assets, including the possible effects of any residual risks that the transferring entity retains. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

The effective date of the amendment is for years beginning on or after 1 July 2011.

IFRS 7 – Financial Instruments: Disclosure
Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations.

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

IFRS 10 – Consolidated Financial Statements
New standard that replaces the consolidation requirements in SIC 12 – Consolidation: Special Purpose Entities and IAS 21 – Consolidated and Separate Financial Statements. Standard build on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess.

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

IFRS 12 – Disclosure of Interest in Other Entities
New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles.

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

IFRS 13 – Fair Value Measurement
New guidance on fair value measurement and disclosure requirements.

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

IAS 1 – Presentation of Financial Statements
New requirements to group together items within other comprehensive income that may be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact on the overall performance of an entity.

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

IAS 12 – Income Taxes
Rebuttable presumption introduced that an investment property will be recovered in its entirety through sale.

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

IAS 32 – Financial Instruments: Presentation
Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations.

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

3. PROPERTY, PLANT AND EQUIPMENT

Change in accounting estimate
The Company revised the residual values of its property, plant and equipment to more appropriate estimates. This resulted in a decrease in the depreciation charge of R1 084 526 for the Group and R927 510 for the Company compared to previously estimated full year charges. This revision will have a similar effect on the depreciation charge of future accounting periods.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group R'000	2011 Cost	2011 Accumulated depreciation	2011 Carrying value	2010 Cost	2010 Accumulated depreciation	2010 Carrying value
Land and buildings	**492 518**	**(95)**	**492 423**	209 925	(68)	209 857
Premises equipment	**2 633**	**(492)**	**2 141**	972	(298)	674
Furniture and fixtures	**17 055**	**(3 373)**	**13 682**	6 574	(2 055)	4 519
Motor vehicles	**6 873**	**(1 632)**	**5 241**	3 292	(1 015)	2 277
Office equipment	**1 565**	**(651)**	**914**	1 254	(447)	807
Computer equipment	**15 134**	**(4 167)**	**10 967**	7 196	(1 913)	5 283
Computer software	**2 709**	**(1 184)**	**1 525**	972	(286)	686
School equipment	**4 194**	**(1 149)**	**3 045**	1 914	(699)	1 215
Total	**542 681**	**(12 743)**	**529 938**	232 099	(6 781)	225 318
Company						
Land and buildings	**438 897**	**(27)**	**438 870**	190 473	–	190 473
Premises equipment	**2 004**	**(367)**	**1 637**	775	(186)	589
Furniture and fixtures	**16 201**	**(3 024)**	**13 177**	5 716	(1 767)	3 949
Motor vehicles	**6 354**	**(1 273)**	**5 081**	2 426	(674)	1 752
Office equipment	**1 464**	**(609)**	**855**	1 178	(407)	771
Computer equipment	**14 336**	**(3 761)**	**10 575**	6 592	(1 666)	4 926
Computer software	**2 687**	**(1 178)**	**1 509**	958	(284)	674
School equipment	**4 078**	**(1 095)**	**2 983**	1 794	(652)	1 142
Total	**486 021**	**(11 334)**	**474 687**	209 912	(5 636)	204 276

Reconciliation of property, plant and equipment

Group – 2011 R'000	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Total
Land and buildings	**209 857**	**225 403**	**57 190**	**–**	**(27)**	**492 423**
Premises equipment	**674**	**1 553**	**108**	**–**	**(194)**	**2 141**
Furniture and fixtures	**4 519**	**8 684**	**1 797**	**–**	**(1 318)**	**13 682**
Motor vehicles	**2 277**	**3 323**	**258**	**–**	**(617)**	**5 241**
Office equipment	**807**	**294**	**17**	**–**	**(204)**	**914**
Computer equipment	**5 283**	**7 526**	**412**	**–**	**(2 254)**	**10 967**
Computer software	**686**	**1 737**	**–**	**–**	**(898)**	**1 525**
School equipment	**1 215**	**2 280**	**–**	**–**	**(450)**	**3 045**
	225 318	**250 800**	**59 782**	**–**	**(5 962)**	**529 938**

Reconciliation of property, plant and equipment

Company – 2011 R'000	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Total
Land and buildings	**190 473**	**212 638**	**35 786**	**–**	**(27)**	**438 870**
Premises equipment	**589**	**1 144**	**85**	**–**	**(181)**	**1 637**
Furniture and fixtures	**3 949**	**8 318**	**2 167**	**–**	**(1 257)**	**13 177**
Motor vehicles	**1 752**	**3 403**	**525**	**–**	**(599)**	**5 081**
Office equipment	**771**	**250**	**36**	**–**	**(202)**	**855**
Computer equipment	**4 926**	**7 387**	**357**	**–**	**(2 095)**	**10 575**
Computer software	**674**	**1 720**	**9**	**–**	**(894)**	**1 509**
School equipment	**1 142**	**2 211**	**73**	**–**	**(443)**	**2 983**
	204 276	**237 071**	**39 038**	**–**	**(5 698)**	**474 687**

Pledged as security	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Carrying value of assets pledged as security (refer note 13):				
Land and buildings	**190 884**	109 461	**190 884**	90 597
Premises equipment	**–**	128	**–**	128
Furniture and fixtures	**–**	62	**–**	62
Motor vehicles	**3 982**	2 471	**3 760**	1 950
Office equipment	**–**	581	**–**	581
Computer equipment	**6 265**	2 253	**6 065**	2 128
School equipment	**–**	91	**–**	91
Borrowing costs capitalised				
Borrowing costs capitalised to qualifying assets	**9 444**	6 405	**9 444**	6 161
The qualifying assets consist of land and buildings (%)	**12.40**	13.81	**12.40**	13.81

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

4. GOODWILL

R'000	2011 Cost	2011 Accumulated impairment	2011 Carrying value	2010 Cost	2010 Accumulated impairment	2010 Carrying value
Group						
Goodwill	**39 460**	**(177)**	**39 283**	8 385	(177)	8 208
Company						
Goodwill	**18 232**	**(177)**	**18 055**	2 642	(177)	2 465

4. GOODWILL (continued)

Reconciliation of goodwill – 2011

	Opening balance R'000	Additions through business combinations R'000	Total R'000
Group			
Goodwill	**8 208**	**31 075**	**39 283**
Company			
Goodwill	**2 465**	**15 590**	**18 055**

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

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

The Group and Company prepares cash flow forecasts based on the CGU's budgeted results as approved by the Board of Directors and extrapolated cash flows for the following years based on the estimated growth rate.

As the Group or Company integrates acquired learners into existing campuses, the Group or Company aggregates the CGU's for the purposes of performing an impairment assessment.

The directors were satisfied that there were no impairment indicators.

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

Group Cash-generating unit	**Discount rate 2011**	Discount rate 2010	**Forecast cash flows 2011**	Forecast cash flows 2010	**Goodwill 2011 R'000**	Goodwill 2010 R'000
Durbanville, Langebaan, Helderwyk, Serengeti, Nelspruit and Polokwane and	**15% pa**	15% pa	**10 – 14 years, 10% growth rate**	10 – 14 years, 9% growth rate	**23 798**	8 208
Aurora College	**15% pa**	–	**15 years, 10% growth rate**	–	**15 485**	–
					39 283	8 208
Company Cash-generating unit						
Durbanville, Helderwyk, Hermanus, Serengeti, Nelspruit and Polokwane	**15% pa**	15% pa	**10 – 14 years, 10% growth rate**	10 – 14 years, 9% growth rate	**18 055**	2 465
					18 055	2 465

Aurora College represent the only cash-generating unit which has been assessed as significant by management in terms of IAS 36 paragraph 134.

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

5. INTANGIBLE ASSETS

R'000	2011 Cost/ Valuation	2011 Accumulated amortisation	2011 Carrying value	2010 Cost/ Valuation	2010 Accumulated amortisation	2010 Carrying value
Group						
Learner enrolments	**6 366**	**(926)**	**5 440**	1 967	(184)	1 783
Company						
Learner enrolments	**4 031**	**(667)**	**3 364**	1 967	(184)	1 783

Reconciliation of intangible assets – 2011

	Opening balance R'000	Additions through business combinations R'000	Amortisation R'000	Total R'000
Group				
Learner enrolments	**1 783**	**4 399**	**(742)**	**5 440**
Company				
Learner enrolments	**1 783**	**2 064**	**(483)**	**3 364**

6. INVESTMENTS IN SUBSIDIARIES

Name of company	% holding 2011	% holding 2010	Carrying amount 2011 R'000	Carrying amount 2010 R'000
Curro Langebaan (Pty) Limited	**100.00**	100.00	**6 000**	6 000
Florauna Akademie (Pty) Limited	**–**	100.00	**–**	1 556
Aurora College (Pty) Limited	**100.00**	–	**22 162**	–
Plot One Hundred Bush Hill (Pty) Limited	**100.00**	–	**21 338**	–
			49 500	7 556
Impairment of investment in subsidiaries			**(6 000)**	(1 556)
			43 500	6 000

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

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

7. LOANS TO/(FROM) RELATED PARTIES

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Subsidiaries				
Curro Langebaan (Pty) Limited	**–**	–	**–**	19 152
The unsecured loan bears interest at 13.81% per annum and was repaid during the year.				
Aurora College (Pty) Limited	**–**	–	**7 703**	–
The loan is interest free, unsecured and there are no fixed terms of repayment.				
	–	–	**7 703**	19 152
Other related parties				
Paladin Capital Limited	**–**	(54 441)	**–**	(54 441)
The unsecured loan bears interest at the prime plus 4% per annum and has no fixed terms of repayment.				
PSG Corporate Services (Pty) Limited	**(38 686)**	–	**(38 686)**	–
The unsecured loan bears interest at the prime plus 4% per annum and has no fixed terms of repayment.				
	(38 686)	(54 441)	**(38 686)**	(54 441)
Current assets	**–**	–	**7 703**	19 152
Non-current liabilities	**–**	–	**–**	–
Current liabilities	**(38 686)**	(54 441)	**(38 686)**	(54 441)
	(38 686)	(54 441)	**(30 983)**	(35 289)
Loans to group companies pledged as collateral				
Total financial assets pledged as collateral for ABSA Bank Limited	**–**	19 152	**–**	19 152

8. DEFERRED TAX

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Deferred tax asset/(liability)				
Fixed assets	**(21 240)**	(3 297)	**(14 234)**	(2 943)
Income received in advance	**4 187**	2 092	**3 669**	1 881
Operating lease liability	**(2)**	10	**(2)**	10
Provision for doubtful debts	**373**	52	**355**	50
Prepaid expenditure	**(216)**	–	**(188)**	–
Intangible assets	**(4 606)**	–	**(1 029)**	–
Tax losses available for set-off against future taxable income	**11 311**	2 721	**11 311**	2 721
	(10 193)	1 578	**(118)**	1 719

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
Reconciliation of deferred tax asset/(liability)				
At the beginning of the year	**1 578**	966	**1 719**	862
Increase in tax losses available for set-off against future taxable income	**8 590**	1 645	**8 590**	1 819
Originating temporary difference on prepaid expenditure	**(216)**	–	**(188)**	–
Originating temporary difference on fixed assets	**(17 943)**	(1 688)	**(11 291)**	(1 616)
Originating temporary difference on intangible assets	**(4 606)**	–	**(1 029)**	–
Originating temporary difference on income received in advance	**2 095**	623	**1 788**	601
(Reversing)/Originating temporary difference on operating lease liability	**(12)**	3	**(12)**	3
Originating temporary difference on provision for doubtful debts	**321**	29	**305**	50
	(10 193)	1 578	**(118)**	1 719

Deferred tax rates

The deferred tax rate applied on the commercial property allowance and all other temporary differences is 14% to 28%.

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
Gross receivable	**6 474**	2 186	**6 041**	1 929
Provision for impairment	**(1 779)**	(250)	**(1 693)**	(240)
Trade receivables	**4 695**	1 936	**4 348**	1 689
Employee costs in advance	**38**	33	**32**	33
Prepayments	**525**	250	**424**	235
Deposits	**7 578**	66	**7 578**	66
	12 836	2 285	**12 382**	2 023

No interest is charged on overdue accounts.

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

No credit insurance is taken out by the Group or Company.

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

Trade receivables past due but not impaired

Company

Trade receivables with renegotiated terms of payment or with acceptable payment history are not considered to be impaired. At 31 December 2011, R1.661 million (2010: R1.400 million) were past due but not impaired.

9. TRADE AND OTHER RECEIVABLES (continued)

Group

Trade receivables with renegotiated terms of payment or with acceptable payment history are not considered to be impaired. At 31 December 2011, R1.724 million (2010: R1.635 million) were past due but not impaired.

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

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
1 month past due	**533**	1 088	**533**	900
2 months past due	**435**	373	**406**	334
3+ months past due	**756**	174	**722**	166
	1 724	1 635	**1 661**	1 400

Trade receivables impaired

Company

As at 31 December 2011, trade receivables of R1.693 million (2010: R0.240 million) were provided for.

Group

As at 31 December 2011, trade receivables of R1.779 million (2010: R0.250 million) were provided for.

Reconciliation of provision for impairment of trade and other receivables

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Opening balance	**250**	45	**240**	42
Provision for impairment	**1 529**	205	**1 453**	198
	1 779	250	**1 693**	240

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Cash on hand	**416**	32	**415**	31
Bank balances	**9 361**	4 107	**8 213**	3 724
Short-term deposits	**60**	–	**60**	–
Bank overdraft	**–**	(3 223)	**–**	(3 223)
	9 837	916	**8 688**	532
Current assets	**9 837**	4 139	**8 688**	3 755
Current liabilities	**–**	(3 223)	**–**	(3 223)
	9 837	916	**8 688**	532

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
The securities for the banking facilities and long-term funding are as follows:				
• Securities over Erf 13748 Durbanville, held under Title Deed: T30788/2001:				
Continuous Covering Mortgage Bonds for R39 100 000				
Cession of lease agreement				
• Securities over Erf 103 Tijger Valley Ext 9, held under Title Deed: T102419/2007:				
Continuous Covering Mortgage Bonds for R38 310 000				
• Securities over Erven 989 and 990 Tiger Valley Ext 66, held under Title Deed: T71955/2010 & T2861/2010				
Continuous Covering Mortgage Bond for R20 000 000				
• Securities over Erf 8593 Langebaan, held under Title Deed: T2551/2007:				
Continuous Covering Mortgage Bonds for R29 280 000				
• Unlimited suretyship by Curro Langebaan (Pty) Limited, including loan account				
• Bond over all moveable assets for R1 500 000				
• Bond over moveable assets at Pretoria Campus for R2 000 000				
• A cession in securitatem debit by the borrower of rights in and to leases and rentals in respect of properties and insurances				
• A cession in securitatem debit by the borrower of rights in and to revenues				
• An undertaking by the sureties and/or shareholders of the borrower to inject all funds needed to cost overruns and cash flow shortfalls in respect of the development of properties				
• Proposed linking security for R35 000 000 term loan in name of Curro – bond registered in joint names:				
Stratland Developments (Pty) Limited, Plot One Hundred Bush Hill (Pty) Limited and Dream Park Village (Pty) Limited				
Continuous Covering Mortgage Bond to be registered for R40 000 000 over:				
Holding No. 101 Bush Hill Estate Agricultural Holdings				
Portion 246 (109) Boschkop No. 199 IQ Division				
Portion 357 Boschkop No. 199 IQ Division				
Cession of Insurances in respect of the above properties				
• Security for R35 000 000 term loan				
Limited suretyship of R40 000 000 by Aurora College (Pty) Limited, including cession of loan account				
Unlimited joint and several suretyships (incorporating cession of claims or loan accounts) by:				
Plot One Hundred Bush Hill (Pty) Limited				
Stratland Developments (Pty) Limited				
Dream Park Village (Pty) Limited				
The total amount of facilities available for future operating activities and commitments	**145 965**	109 227	**145 965**	109 227

11. SHARE CAPITAL

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Authorised				
200 000 000 (2010: 100 000 000) ordinary shares of R0.00001 each	**2**	1	**2**	1
Reconciliation of number of ordinary shares issued:				
Reported as at 1 January 2011	**80 407**	1	**80 407**	1
Subdivision of shares	**–**	79 999	**–**	79 999
Capitalisation issue	**–**	407	**–**	407
Issue of shares	**80 807**	–	**80 807**	–
	161 214	80 407	**161 214**	80 407
Issued				
161 214 080 (2010: 80 407 040) ordinary shares of R0.00001 each	**369 787**	51 018	**369 787**	51 018

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

12. SHARE-BASED PAYMENTS

12.1 Details of the employee share option plan of the Company

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

The following share-based payment arrangement came into place in the current year:

Each employee's share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights.

Options may be exercised at any time from the date of vesting to the date of their expiry.

The following awards have been made in terms of the share incentive scheme:

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

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

12.2 Movements in share options during the year

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

	2011 Number of options	2011 Weighted average exercise price R	2010 Number of options	2010 Weighted average exercise price R
Outstanding at the beginning of the year	**–**	**–**	–	–
Granted during the year	**4 261 704**	**5.93**	–	–
Forfeited during the year	**–**	**–**	–	–
Exercised during the year	**–**	**–**	–	–
Expired during the year	**–**	**–**	–	–
Outstanding at the end of the year	**4 261 704**	**5.93**	–	–

Details of share options granted to directors:

Director	Opening balance of share options awarded at 1 January 2011	Strike price per share options awarded (Rand)	Number of share options awarded during the year	Number of share options exercised in the financial year ended 31 Dec 2011	Exercise price per share option (Rand)	Date share options granted	Closing balance of share options as at 31 Dec 2012
Dr CR van der Merwe	–	**5.93**	**843 167**	–	–	**29/09/2011**	**843 167**
Mr AJF Greyling	–	**5.93**	**720 194**	–	–	**29/09/2011**	**720 194**
Mr B van der Linde	–	**5.93**	**409 383**	–	–	**29/09/2011**	**409 383**
Mr HG Louw	–	**5.93**	**491 737**	–	–	**29/09/2011**	**491 737**
	–	**5.93**	**2 464 481**	–	–		**2 464 481**

Issue date: 29 September 2011

Vesting year		Vesting date	Days	Number of options issued	Exercise price (Rand)	Fair value at grant date (Rand)	Grant date share price (Rand)	Votality (%)	Dividend yield	Risk free rate (%)
2nd	25%	29/09/2013	731	1 065 426	5.93	1.59	5.89	39.45	–	6.56
3rd	25%	29/09/2014	1 096	1 065 426	5.93	2.00	5.89	39.45	–	6.56
4th	25%	29/09/2015	1 461	1 065 426	5.93	2.35	5.89	39.45	–	6.56
5th	25%	29/09/2016	1 827	1 065 426	5.93	2.65	5.89	39.45	–	6.56
Total				4 261 704						

12.3 Share options exercised during the year

No share options were exercised during the year.

12.4 Share options outstanding at the end of the year

The share options outstanding at the end of the year had an exercise price of R5.93 (2010: nil), and a weighted average remaining contractual life of 1 279 days (2010: nil days).

12.5 Assumptions used in fair value

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

Strike price:	R5.93
Current share price:	R5.89
Expected option life:	1
Volatility:	39.45% (Average for company of 83 days and industry for 1 year)
Risk free rate:	6.56%
Dividend yield:	0%

13. LOANS AND OTHER FINANCIAL LIABILITIES

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
Held at amortised cost				
ABSA Bank Limited	**120 115**	95 988	**120 115**	95 988
The secured loans bear interest at rates varying from 7.55% to 9.50% per annum, payable in monthly instalments ranging from R75 270 to R453 699. Secured as disclosed in note 10.				
ABSA Bank Limited – Instalment sale agreements	**9 322**	5 360	**9 181**	4 738
The secured loans bear interest at various prime linked rates, payable in monthly instalments ranging from R2 113 to R32 237. Secured by fixed assets as disclosed in note 3.				
Mnandi Property Developments (Pty) Limited	**2 552**	2 663	**2 552**	2 663
The secured loan is amortised at 13.81% and is repayable in monthly instalments over three years starting August 2011. Secured by land and buildings as disclosed in note 3.				
African Kingdom Holdings (Pty) Limited	**–**	3 483	**–**	3 483
The unsecured loan bears interest at rates varying from 0% to prime and was payable on registration of the land in the name of the Curro Holdings (Pty) Limited.				
Debentures – Fixed fee	**200**	200	**200**	200
The debenture is interest free in exchange for a fixed school fee of R17 000 per annum for 12 years. The capital is repayable on 27 August 2021.				
Debentures – Interest set off	**423**	400	**423**	400
The debentures bear interest at prime plus 2.5% per annum, with the option to either capitalise the interest or have it set off against school fees. The initial amount plus any capitalised interest is repayable on 27 August 2014.				
Debentures – Pre-paid block	**2 095**	2 518	**2 095**	2 518
The debentures are interest free and are repaid through set-off against annual school fees over period.				
	134 707	110 612	**134 566**	109 990
Non-current liabilities				
At amortised cost	**122 416**	99 779	**122 275**	99 383
Current liabilities				
At amortised cost	**12 291**	10 833	**12 291**	10 607
	134 707	110 612	**134 566**	109 990

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

	Up to 1 year	1 to 5 years	More than 5 years	Total
Group – 2011				
Minimum lease payments	**4 024**	**6 822**	**–**	**10 846**
Finance cost	**(842)**	**(682)**	**–**	**(1 524)**
	3 182	**6 140**	**–**	**9 322**
Company – 2011				
Minimum lease payments	**3 909**	**6 784**	**–**	**10 693**
Finance cost	**(772)**	**(740)**	**–**	**(1 512)**
	3 137	**6 044**	**–**	**9 181**
Group – 2010				
Minimum lease payments	2 184	4 241	–	6 425
Finance cost	(531)	(534)	–	(1 065)
	1 653	3 707	–	5 360
Company – 2010				
Minimum lease payments	1 896	3 788	–	5 684
Finance cost	(469)	(477)	–	(946)
	1 427	3 311	–	4 738

14. TRADE AND OTHER PAYABLES

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Accrued expenses	**12 283**	3 451	**11 036**	3 308
Trade payables	**328**	5 883	**48**	5 833
Income received in advance	**16 524**	7 469	**13 102**	6 717
Other payables	**9 039**	–	**9 039**	–
Entrance deposits	**4 990**	445	**410**	445
	43 164	17 248	**33 635**	16 303

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

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

15. REVENUE

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Registration and tuition fees	**160 963**	70 275	**118 926**	58 808
Aftercare income	**5 076**	2 106	**3 336**	2 106
Fundraising projects	**259**	1 650	**259**	1 402
	166 298	74 031	**122 521**	62 316
The amount of revenue consist of the following:				
Revenue	**178 207**	78 871	**130 857**	66 767
Discount granted	**(11 909)**	(4 840)	**(8 336)**	(4 451)
	166 298	74 031	**122 521**	62 316

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
16. OPERATING PROFIT/(LOSS)				
Operating profit/(loss) for the year is stated after accounting for the following:				
Operating lease charges				
Premises				
• Contractual amounts	**946**	423	**946**	423
Equipment				
• Contractual amounts	**3 444**	1 682	**3 075**	1 459
	4 390	2 105	**4 021**	1 882
Profit on sale of property, plant and equipment	**105**	42	**–**	42
Impairment of investment in subsidiaries	**–**	–	**6 000**	1 556
Amortisation of intangible assets	**742**	120	**483**	120
Depreciation of property, plant and equipment	**5 962**	2 893	**5 698**	2 397
Employee costs	**118 251**	48 016	**88 637**	41 932
Amount expensed in respect of retirement benefit plans:				
Company contributions defined contribution plans	**2 221**	1 198	**1 665**	1 046
The impairment of the investment in the subsidiary is a result of the subsidiary becoming dormant and no longer trading.				
17. INVESTMENT REVENUE				
Interest revenue				
Bank	**796**	52	**787**	52
Interest charged on trade and other receivables	**409**	54	**379**	46
Related parties	**–**	–	**–**	2 232
Other interest	**232**	30	**232**	30
	1 437	136	**1 398**	2 360
18. FINANCE COSTS				
Related parties	**9 866**	2 441	**9 866**	2 441
Loans and other financial liabilities	**13 073**	8 509	**13 073**	8 200
Bank	**251**	689	**251**	689
Trade and other payables	**639**	8	**588**	8
Less: Interest capitalised	**(9 444)**	(6 405)	**(9 444)**	(6 161)
	14 385	5 242	**14 334**	5 177

Capitalisation rates used during the period was 12.40% on general borrowings for capital projects.

Company
Total interest expense, calculated using the effective interest rate, on financial instruments not through profit or loss amounted to R9.444 million (2010: R6.161 million).

Group
Total interest expense, calculated using the effective interest rate, on financial instruments not through profit or loss amounted to R9.444 million (2010: R6.405 million).

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
19. TAXATION				
Major components of the tax (income)/expense				
Current				
Local income tax – current period	**1 615**	59	**–**	–
	1 615	59	**–**	–
Deferred				
Originating and reversing temporary differences	**(3 382)**	(612)	**(2 964)**	(857)
	(1 767)	(553)	**(2 964)**	(857)
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate				
Standard rate (%)	**28.0**	28.0	**28.0**	28.0
Non-deductible expenditure (%)	**(2.2)**	10.8	**(10.3)**	13.9
Non-taxable income (%)	**–**	(10.1)	**1.2**	(13.0)
Deferred taxation not recognised (%)	**(6.5)**	(40.5)	**(2.6)**	(52.5)
Total (%)	**19.3**	(11.8)	**16.3**	(23.6)

Company

No provision has been made for 2011 normal tax as the Company has an assessed loss. The estimated tax loss available for set-off against future taxable income is R40.938 million (2010: R9.718 million).

	Group		Company	
20. AUDITOR'S REMUNERATION				
Audit fees	**334**	264	**252**	215
Assurance related services	**530**	–	**530**	–
Accounting fees	**–**	109	**–**	91
Tax and secretarial services	**–**	53	**–**	47
	864	426	**782**	353
21. OPERATING LEASE				
Total of future minimum lease payments for each of the following periods:				
Within 1 year	**67**	335	**67**	335
Within 2 to 5 years	**–**	67	**–**	67
	67	402	**67**	402

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
22. EARNINGS PER SHARE				
Basic (loss)/earnings per share				
From continuing operations (cents per share)	**(6.20)**	6.50		
Basic (loss)/earnings per share was based on loss of R7.404 million (2010: R5.236 million earnings) and a weighted average number of ordinary shares of 118.9 million (2010: 80.4 million).				
Reconciliation of (loss)/profit for the year to basic (loss)/earnings				
(Loss)/Profit for the year attributable to equity holders of the parent	**(7 404)**	5 236		
Diluted (loss)/earnings per share				
From continuing operations (cents per share)	**(6.20)**	6.50		
Diluted (loss)/earnings per share was based on loss of R7.404 million (2010: R5.236 million earnings) and a weighted average number of ordinary shares of 120 million (2010: 80.2 million).				
Reconciliation of basic (loss)/earnings to earnings used to determine diluted (loss)/earnings per share				
Basic (loss)/earnings	**(7 404)**	5 236		
Headline (loss)/earnings and diluted headline (loss)/earnings per share				
Headline (loss)/earnings per share (cents)	**(6.20)**	6.50		
Reconciliation between (loss)/earnings and headline (loss)/earnings				
Basic (loss)/earnings	**(7 404)**	5 236		
Adjusted for:				
Profit on disposal of property, plant and equipment	**(105)**	(42)		
Tax effect thereon	**29**	12		
	(7 480)	5 206		
Reconciliation between diluted (loss)/earnings and diluted headline (loss)/earnings				
Diluted (loss)/earnings	**(7 404)**	5 236		
Adjusted for:				
Profit on disposal of property, plant and equipment	**(105)**	(42)		
Tax effect thereon	**29**	12		
	(7 480)	5 206		

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
23. CASH GENERATED FROM OPERATIONS				
(Loss)/Profit before taxation	**(9 171)**	4 683	**(18 188)**	3 637
Adjustments for:				
Depreciation and amortisation	**6 704**	3 013	**6 181**	2 517
Profit on sale of assets	**(105)**	(42)	**–**	(42)
Interest received	**(1 437)**	(136)	**(1 398)**	(2 360)
Finance costs	**14 385**	5 242	**14 334**	5 177
Impairment loss	**–**	–	**6 000**	1 556
Movements in operating lease assets and accruals	**(29)**	10	**(29)**	10
Share-based payment charge expense	**720**	–	**720**	–
Changes in working capital:				
Increase in trade and other receivables	**(5 291)**	(360)	**(4 780)**	(382)
Increase in trade and other payables	**19 336**	3 359	**9 747**	3 015
	25 112	15 769	**12 587**	13 128
24. TAX PAID				
Balance at the beginning of the year	**(63)**	(544)	**(4)**	(491)
Current tax for the year recognised in profit or loss	**(1 615)**	(59)	**–**	–
Adjustment in respect of businesses sold and acquired during the year	**204**	(54)	**59**	(54)
Balance at the end of the year	**804**	63	**(74)**	4
	(670)	(594)	**(19)**	(541)

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
25. BUSINESS COMBINATIONS				
Business combinations occurring during the current and prior year				
None of the business combinations are individually material and are as such presented in aggregate. Specific amounts will be noted below in description if material. The Group applies provisional accounting for all business combinations. No adjustments were required from business combinations relating to the previous period.				
Business combinations where the entity acquired the equity interest in a subsidiary are reflected in note 26.				
Aggregated business combinations				
Property, plant and equipment	**18 000**	7 008	**39 038**	7 074
Intangible assets	**2 064**	808	**2 064**	1 282
Trade and other receivables	**5 260**	–	**5 579**	143
Cash and cash equivalents	**2 545**	118	**2 434**	181
Loans and other financial liabilities	**(1 963)**	(6 904)	**(2 583)**	(8 494)
Deferred tax	**(5 095)**	–	**(4 742)**	–
Trade and other payables	**(6 580)**	(1 388)	**(7 585)**	(1 596)
Total identifiable net assets	**14 231**	(358)	**34 205**	(1 410)
Goodwill	**15 590**	1 166	**15 590**	2 218
	29 821	808	**49 795**	808
Consideration paid				
Cash	**–**	(808)	**(6 076)**	(808)
Liabilities assumed	**(29 821)**	–	**(25 285)**	–
Repayment of loan account	**–**	–	**(18 434)**	–
	(29 821)	(808)	**(49 795)**	(808)
Net cash outflow on acquisition				
Cash consideration paid	**(29 821)**	(808)	**(49 795)**	(808)
Cash acquired	**2 545**	118	**2 434**	181
	(27 276)	(690)	**(47 361)**	(627)

Business combination included in Company figures only:

Curro Langebaan

Curro Langebaan (Pty) Limited was divisionalised into Curro Holdings Limited on 1 January 2011. As such this business combination is reflected in the Company figures above, but is eliminated in the Group figures as the subsidiary is already included in the consolidated figures. Property, plant and equipment to the value of R21.041 million were acquired in the process. The sale took place at net book value as the entity is under common control of Curro Holdings Limited.

Business combinations included in Company and Group figures:

Heuwelkruin Kollege
On 1 January 2011, the Group acquired the business operations of Heuwelkruin Kollege which resulted in the Group obtaining control over Heuwelkruin Kollege. Heuwelkruin Kollege is principally involved in the private school industry. Property, plant and equipment amounting to R14.857 million were acquired. No intangibles were recognised.

Goodwill of R4.020 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities.

Overstrand Learning Academy and Berghof Pre-Primary (Hermanus)
On 1 January 2011, the Group acquired the business operations of Overstrand Learning Academy and Berghof Pre-Primary which resulted in the Group obtaining control over Overstrand Learning Academy and Berghof Pre-Primary. Overstrand Learning Academy and Berghof Pre-Primary is principally involved in the private school industry.

Goodwill of R0.545 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities. Intangible assets which did qualify for separate recognition have also been recognised in compliance with the requirements of IFRS 3.

Cape St Blaize Independent School
On 1 January 2011, the Group acquired the business operations of Cape St Blaize Independent School which resulted in the Group obtaining control over Cape St Blaize Independent School. Cape St Blaize Independent School is principally involved in the private school industry.

Siloam Academy of Learning
On 1 January 2011, the Group acquired the business operations of Siloam Academy of Learning which resulted in the Group obtaining control over Siloam Academy of Learning. Siloam Academy of Learning is principally involved in the private school industry.

Goodwill of R2.987 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities. Intangible assets which did qualify for separate recognition have also been recognised in compliance with the requirements of IFRS 3.

Mandorren Academy and Sport
On 1 July 2011, the Group acquired the business operations of Mandorren Academy and Sport which resulted in the Group obtaining control over Mandorren Academy and Sport. Mandorren Academy and Sport is principally involved in the private school industry.

Goodwill of R5.451 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities. Intangible assets which did qualify for separate recognition have also been recognised in compliance with the requirements of IFRS 3.

Optimum Kids Playschool and Pre-Primary
On 1 October 2011, the Group acquired the business operations of Optimum Kids Playschool and Pre-Primary which resulted in the Group obtaining control over Optimum Kids Playschool and Pre-Primary. Optimum Kids Playschool and Pre-Primary is principally involved in the private school industry.

Goodwill of R1.295 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities.

Koraalsig Primary School
On 1 October 2011, the Group acquired the business operations of Koraalsig Primary School which resulted in the Group obtaining control over Koraalsig Primary School. Koraalsig Primary School is principally involved in the private school industry.

Goodwill of R1.187 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities.

25. BUSINESS COMBINATIONS (continued)

Aggregated business combinations occurring after the end of the reporting period

On 1 March 2012, Curro acquired the business of Wonderland and Embury College for undisclosed amounts. Curro has also, subject to the approval from the Competition Commission (whose approval is still outstanding), acquired Woodhill College (Pty) Limited and Woodhill College Property Holdings (Pty) Limited for an amount of R175 million.

The value of the assets and liabilities of the businesses and companies acquired by Curro, as at the effective date of the acquisition, were:

	Group		Company	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
Property, plant and equipment	**199 155**	–	**–**	–
Intangible assets	**48 085**	–	**–**	–
Other financial assets	**2 162**	–	**–**	–
Trade and other receivables	**1 179**	–	**–**	–
Cash and cash equivalents	**8 411**	–	**–**	–
Loans and other financial liabilities	**(25 961)**	–	**–**	–
Deferred tax	**(14 522)**	–	**–**	–
Current tax payable	**(587)**	–	**–**	–
Trade and other payables	**(9 099)**	–	**–**	–
Bank overdraft	**(14)**	–	**–**	–
Total identifiable net assets	**208 809**	–	**–**	–
Goodwill	**26 192**	–	**–**	–
	235 001	–	**–**	–

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

Financial effect of business combinations

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

26. ACQUISITION OF SUBSIDIARIES

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
Fair value of assets acquired				
Property, plant and equipment	**41 782**	–	**–**	–
Intangible assets	**2 335**	–	**–**	–
Deferred tax liabilities	**(10 492)**	–	**–**	–
Trade and other receivables	**589**	–	**–**	–
Other financial liabilities	**(9 397)**	–	**–**	–
Cash	**3 198**	–	**–**	–
Total net assets acquired	**28 015**	–	**–**	–
Net assets acquired	**28 015**	–	**–**	–
Goodwill recognised	**15 485**	–	**–**	–
	43 500	–	**–**	–
Consideration paid				
Cash	**(43 500)**	–	**(43 500)**	–
Liabilities assumed	**(9 446)**	–	**–**	–
	(52 946)	–	**(43 500)**	–
Net cash outflow on acquisition				
Cash consideration paid	**(52 946)**	–	**(43 500)**	–
Cash acquired	**3 198**	–	**–**	–
	(49 748)	–	**(43 500)**	–

Aurora College (Pty) Limited

On 1 January 2011, the Group acquired 100% of the equity interest of Aurora College (Pty) Limited and 100% of the equity interest of Plot One Hundred Bush Hill (Pty) Limited which resulted in the Group obtaining control over Aurora College (Pty) Limited and its subsidiaries, Dream Park Village (Pty) Limited, Stratland Development (Pty) Limited and Plot One Hundred Bush Hill (Pty) Limited. Aurora College (Pty) Limited is principally involved in the private school industry. Dream Park Village (Pty) Limited and Plot One Hundred Bush Hill (Pty) Limited own the property on which the school is situated.

Goodwill of R15.485 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities, as well as from intangible assets which did not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

The business acquisition contributed R44.653 million to group revenue and generated R2.668 million profit before adjusting for group consolidation entries.

27. COMMITMENTS AND CONTINGENCIES

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
Guarantee in favour of RMB Curro has provided a guarantee of R10 million plus costs and interest for the completion of the entrance road of the Serengeti Campus that is being constructed by a contractor. The owner of the estate is responsible for this cost, but Curro had to provide a guarantee for the financing.				
Capital expenditure				
– Contracted	**269 500**	76 819		
– Authorised but not contracted	**271 000**	114 902		
	540 500	191 721		

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

28. DIRECTORS' EMOLUMENTS

	2011					2010
	Salary	**Directors' fees**	**Fees for other services**	**Bonuses**	**Total**	Total
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	R'000
Adv. JA le Roux SC	**–**	**–**	**240**	**–**	**240**	240
Dr CR van der Merwe*	**1 024**	**–**	**–**	**220**	**1 244**	908
Mr AJF Greyling*	**977**	**–**	**–**	**93**	**1 070**	753
Mr B van der Linde*(1)	**865**	**–**	**–**	**–**	**865**	–
Mr HG Louw*	**664**	**–**	**–**	**33**	**697**	–
Prof. MC Mehl(2)	**–**	**45**	**–**	**–**	**45**	–
Mr PJ Mouton(3)	**–**	**40**	**–**	**–**	**40**	–
Mr B Petersen(2)	**–**	**45**	**–**	**–**	**45**	–
Ms M Vilakazi(2)	**–**	**48**	**–**	**–**	**48**	–
Mr FW Swart(4)	**–**	**–**	**–**	**–**	**–**	–
	3 530	**178**	**240**	**346**	**4 294**	1 901

* Executive directors

(1) Mr B van der Linde was remunerated by a subsidiary of PSG Group, the ultimate holding company of Curro, in the form of a basic salary of R865 000 and a bonus of R357 000 for his services rendered within the PSG Group for the year ended 31 December 2011, which services included acting as the financial director on the Board of Curro;

(2) Prof. MC Mehl, Mr B Petersen and Ms M Vilakazi were appointed as directors on 15 April 2011, with only two board meetings held until 31 December 2011.

(3) Mr PJ Mouton is also a director of PSG Group Limited. Details of their remuneration and the necessary disclosure as required by section 30 of the Companies Act, No. 71 of 2008, will be fully disclosed in the annual financial statements of PSG Group Limited once it is available on the Company's website.

(4) Mr FW Swart received no remuneration from the Company, but was appointed as representative of Paladin Capital Financial Services (Pty) Limited.

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

29. RELATED PARTIES

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Relationships				
Ultimate holding company: PSG Group Limited				
Holding company: PSG Financial Services Limited				
Subsidiaries: Refer to note 6				
Directors: Refer to note 7 of directors' report				
Related party balances				
Loan accounts – Owing (to)/by related parties				
Curro Langebaan (Pty) Limited	**–**	–	**–**	19 152
PSG Corporate Services (Pty) Limited	**(38 686)**	–	**(38 686)**	–
Paladin Capital Limited	**–**	(54 441)	**–**	(54 441)
Related party transactions				
Interest paid to (received from) related parties				
Curro Langebaan (Pty) Limited	**–**	–	**–**	(2 459)
Paladin Capital Financial Services (Pty) Limited	**9 584**	2 441	**–**	2 441
PSG Corporate Services (Pty) Limited	**282**	–	**282**	–
Management fees paid				
PSG Capital (Pty) Limited	**256**	–	**256**	–
Paladin Capital Financial Services (Pty) Limited	**820**	–	**820**	–
PSG Corporate Services (Pty) Limited	**211**	–	**211**	–
Share issue costs				
PSG Corporate Services (Pty) Limited	**3 022**	–	**3 022**	–
Discounts granted to related parties				
Teacher discount	**2 793**	2 430	**2 094**	1 596
Compensation to directors and other key management				
Short-term employee benefits	**3 550**	3 200	**3 550**	3 200

The Group and Company do not have any other undisclosed transactions with related parties.

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

Share-based payments are disclosed under note 12.

30. RISK MANAGEMENT

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

30. RISK MANAGEMENT (continued)

Capital risk management

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

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

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

There are no externally imposed capital requirements.

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

The gearing ratio at 2011 and 2010 respectively, were as follows:

		Group		Company	
		2011	2010	**2011**	2010
	Notes	**R'000**	R'000	**R'000**	R'000
Total borrowings					
Loans from group companies	7	**38 686**	54 441	**38 686**	54 441
Other financial liabilities	13	**134 707**	110 612	**134 566**	109 990
		173 393	165 053	**173 252**	164 431
Less: Cash and cash equivalents	10	**(9 837)**	(916)	**(8 688)**	(532)
Net debt		**163 556**	164 137	**164 564**	163 899
Total equity		**369 773**	57 688	**361 441**	57 176
Total capital		**533 329**	221 825	**526 005**	221 075
Gearing ratio (%)		**31**	74	**31**	74

Liquidity risk

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

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

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

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

	Within 1 year	Between 2 and 5 years	Over 5 years
Group			
At 31 December 2011			
Borrowings	**12 291**	**72 250**	**60 777**
Trade and other payables	**21 648**	**–**	**–**
Loan from related party	**38 686**	**–**	**–**
At 31 December 2010			
Borrowings	21 930	70 984	79 812
Trade and other payables	9 336	–	–
Loan from related party	54 441	–	–
Company			
At 31 December 2011			
Borrowings	**12 291**	**72 216**	**60 777**
Trade and other payables	**20 121**	**–**	**–**
Loan from related party	**38 686**	**–**	**–**
At 31 December 2010			
Borrowings	21 641	70 531	79 812
Trade and other payables	9 140	–	–
Loan from related party	54 441	–	–

Interest rate risk
As the Group has no significant interest-bearing assets, its 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 it to cash flow interest rate risk.

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

The scenarios are run only for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on the pre-tax loss of a 1% shift in the interest rate would be an increase in the loss of R1.711 million (2010: R1.623 million decrease in profits) for the Group and an increase in the loss of R1.710 million (2010: R1.617 million decrease in profits) for the Company.

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

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

30. RISK MANAGEMENT (continued)

Foreign currency risk

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

Market risk

The Group and Company do not have any exposure to market risks or commodities.

Fair value of financial instruments

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

31. OPERATING SEGMENTS

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

32. RANGE OF SHAREHOLDING

	Shares held 2011		Shares held 2010	
	Number	**%**	Number	%
Range of shareholding				
1 – 500	**1 609**	**39.8**	282 495	0.2
501 – 1 000	**497**	**12.3**	680 764	0.4
1 001 – 5 000	**1 283**	**31.8**	2 984 653	1.9
5 001 – 10 000	**293**	**7.3**	2 198 748	1.4
10 001 shares and over	**358**	**8.8**	155 067 420	96.1
	4 040	**100.0**	161 214 080	100.0
Public and non-public shareholding				
Non-public				
PSG Financial Services Limited	**1**	**–**	101 729 366	63.1
Directors	**5**	**–**	22 446 414	13.9
Public	**4 034**	**100.0**	37 038 300	23.0
	4 040	**100.0**	161 214 080	100.0
Individual shareholders holding more than 5%				
PSG Financial Services Limited	**101 729 366**	**63.1**		
Le Roux Familietrust	**15 500 000**	**9.6**		

NOTICE TO THE ANNUAL GENERAL MEETING

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

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 Webersburg, Annandale Road, Stellenbosch on 22 June 2012, at 10:30 ("**the AGM**").

Purpose
The purpose of the AGM is to transact the business set out in the agenda below. For the avoidance of doubt, the memorandum and articles of association of the Company are referred to as the memorandum of incorporation in accordance with the terminology used in the new Companies Act, No. 71 of 2008, as amended ("**the Companies Act**"), which became effective on 1 May 2011.

Agenda
1. Presentation of the audited annual financial statements of the Company, including the reports of the directors and the Audit Committee for the year ended 31 December 2011.

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

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

2.1 Retirement and re-election of directors

2.1.1 Ordinary resolution number 1
"Resolved that Advocate Johan Andries le Roux, 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 Advocate Johan Andries le Roux (60)
Fef was born in the town of Robertson in 1952. He matriculated at Robertson High School in 1969. During 1970 he spent his compulsory military training year at the Army Gymnasium in Heidelberg, Transvaal, completing his officer's course. He studied law at the Stellenbosch University from 1971 to 1975, during which years he attained the BA (Law) and LL.B degrees. From 1976 to 1980 he spent his contractual bursary obligations with the State, first as the public prosecutor of Stellenbosch in 1976 and then as a member of the State Attorney's Office in Cape Town from 1977 to 1980, during which years he also wrote the professional examinations and qualified himself as an attorney, conveyancer and notary of the High Court of South Africa. He joined the Cape Bar in 1981, where he has practised as an advocate since. In 1996 he was awarded Senior Counsel status by President Nelson Mandela. He became a director and shareholder of Curro in 1998 and has acted as the non-executive Chairman of the Company since 2009.

2.1.2 Ordinary resolution number 2
"Resolved that Mr Petrus Johannes Mouton, who retires by rotation in terms of the memorandum of incorporation of the Company and, being eligible and offering himself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Mr Petrus Johannes Mouton (36)
Piet is the Chief Executive Officer of PSG Group. He serves as a non-executive director on the boards of various PSG Group companies including Capitec Bank, Paladin Capital and Thembeka Capital Limited,

a black-owned and controlled black economic empowerment investment holding company. He has been active in the investment and financial services industry since 1999.

2.2 Preappointment of the members of the Audit and Risk Committee of the Company

Note:
For the avoidance of doubt, all references to the Audit and Risk Committee of the Company is a reference to the Audit Committee as contemplated in the Companies Act.

2.2.1 Ordinary resolution number 3
"Resolved that Mr Barend Petersen, being eligible, be and is hereby 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 AGM of the Company."

Summary curriculum vitae of Mr Barend Petersen (52)
Barend Petersen is a chartered accountant with broad international business experience in mining, finance, auditing, oil industry, energy, government relations, business turnarounds, corporate recovery, consulting and corporate governance. In the past decade Barend has had a wide involvement in De Beers Family of Companies. Barend is Executive Chairman of De Beers Consolidated Mines and the Chairman of the Environment, Community, Health and Safety Committee of the De Beers Family of Companies. He also owns a stake in Ponahalo, the black empowerment partner of De Beers Consolidated Mines. He is a director of several companies including being non-executive director of Anglo American South Africa Limited and Alexander Forbes Group. Barend is the Chairman of Sizwe Business Recoveries which he founded in 1997. Barend joined the Curro Board in 2011.

2.2.2 Ordinary resolution number 4
"Resolved that Professor Merlyn Claude Mehl, 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 AGM of the Company."

Summary curriculum vitae of Professor Merlyn Claude Mehl (67)

Merlyn serves on the boards of various companies. He was previously Chancellor of Peninsula Technikon and Chief Executive of the Independent Development Trust. He is presently Executive Chairman of Triple L Academy and is a non-executive director of Capitec Bank. Merlyn joined the Curro Board in 2011.

The reason for ordinary resolution numbers 3 to 4 (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 and Risk Committee be appointed, or reappointed as the case may be, at each AGM of the Company.

2.3 Reappointment of auditor

Ordinary resolution number 5
"Resolved that Deloitte & Touche be and is hereby reappointed as the auditor of the Company for the ensuing year on the recommendation of the Audit and Risk Committee of the Company."

The reason for ordinary resolution number 5 is that the Company, being a public listed company, must have its financial results audited and such auditor must be appointed or reappointed each year at the AGM of the Company, as required by the Companies Act.

2.4 Auditor's remuneration

Ordinary resolution number 6
"Resolved that the auditors remuneration for the year ended 31 December 2011, as determined by the Audit Committee of the Company, be and is hereby confirmed."

The reason for ordinary resolution number 6 is that the memorandum of incorporation of the Company requires that the remuneration of the auditor be considered at the AGM.

2.5 Placing of unissued shares under the control of the directors

Ordinary resolution number 7

"Resolved that the unissued shares in the Company, be and are hereby placed under the control of the directors until the next AGM of the Company and that they be and are hereby authorised to issue any such shares as the directors may deem fit, subject to the Companies Act, the memorandum of incorporation of the Company and the provisions of the Listings Requirements of the JSE Limited."

The reason for ordinary resolution number 7 is that the Board requires authority from shareholders in terms of its memorandum of incorporation to issue shares in the Company. This general authority, once granted, allows the Board from time to time, when it is appropriate to do so, to issue ordinary shares as may be required, inter alia, in terms of capital raising exercises and to maintain a healthy capital adequacy ratio.

2.6 General authority to issue 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 its unissued shares for cash placed under their control as they in their discretion may deem fit, without restriction, subject to the provisions of the Listings Requirements of the JSE Limited, provided that:

- the approval shall be valid until the date of the next AGM of the Company, provided it shall not extend beyond 15 months from the date of this resolution;
- a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published after any issue representing, on a cumulative basis within any one financial year, 10% or more of the number of shares in issue prior to such issue;
- the general issues of shares for cash in the aggregate in any one financial year may not exceed 10% of the applicant's issued share capital (number of securities) of that class. For purposes of determining whether the aforementioned 10% has been or will be reached, the securities of a particular class will be aggregated with the securities that are compulsorily convertible into securities of that class and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible. The number of securities of a class which may be issued shall be based on the number of securities of that class in issue at the date of such application less any securities of the class issued during the current financial year, provided that any securities of that class to be issued pursuant to a rights issue (announced and irrevocable and underwritten) or acquisition (concluded up to the date of application) may be included as though they were securities in issue at the date of application;
- in determining the price at which an issue of shares will be made in terms of this authority the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 trading days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities. The JSE should be consulted for a ruling if the securities have not traded in such 30 business day period;
- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements of the JSE and not to related parties; and
- any such issue will only be securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue.

For listed entities wishing to issue shares for cash, it is necessary for the board not only to obtain the prior authority of the shareholders as may be required in terms of their memorandum of incorporation contemplated in ordinary resolution number 8 above, but it is also necessary to obtain the prior authority of shareholders in accordance with the Listings Requirements of the JSE. The reason for ordinary resolution number 9 is accordingly to obtain a general authority from shareholders to issue shares for cash in compliance with the Listings Requirements of the JSE.

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.

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

Note:

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

2.7.1 Remuneration of 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 directors for their services as directors on the basis set out below and on any other basis as may be recommended by the Remuneration Committee and approved by the Board of Directors, provided that this authority will be valid until the next AGM of the Company."

Board/committee	**Annual fee 2012 R**	Annual fee 2011* R
Chairperson of the board*	**240 000**	240 000
Board members	**90 000**	40 000
Members of sub-committees		
Audit Committee	**30 000**	10 000
Remuneration Committee	**5 500**	5 000
Additional fee payable to the Chairperson of the sub-committees		
Audit Committee	**30 000**	5 000
Remuneration Committee	**5 500**	–

Notes

* 2011 fees was only based on a period of six months as Curro was listed on 2 June 2011.

** The chairman of the board is not remunerated for serving on sub-committees.

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

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

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

2.7.2 Inter-company loans

Special resolution number 2

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

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

2.7.3 Share repurchases by the Company and its subsidiaries

2.7.3.1 Special resolution number 3

"Resolved as a special resolution that the Company be and is 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 sections 46 and 48 of the Companies Act, the memorandum of incorporation of the Company, the Listings Requirements of the JSE and the requirements of any other stock exchange on which the shares of the Company may be quoted or listed, including, inter alia, that:

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

The reason for and effect of special resolution number 3 is to grant the directors a general authority in terms of its memorandum of incorporation and the Listings Requirements of the JSE for the acquisition by the Company of shares issued by it on the basis reflected in the special resolution.

2.7.3.2 Special resolution number 4

"Resolved as a special resolution that the Company, in so far as it may be necessary to do so, hereby approves, as a general approval, and authorises the acquisition by any subsidiary of the Company ("the subsidiary" or "the acquiree") of shares issued by such subsidiary and/or shares issued by the Company, upon such terms and conditions and in such amounts as the directors of any such subsidiary may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the memorandum of incorporation of the Company, the Listings Requirements of the JSE and the requirements of any other stock exchange on which the shares of the subsidiary may be quoted or listed, including, inter alia, that:

- the general repurchase of shares may only be implemented on the open market of the JSE and done without any prior understanding or arrangement between the acquiree and the other counterparty;
- this general authority shall only be valid until the next AGM of the Company, provided that it shall not extend beyond 15 months from the date of this resolution;
- an announcement must be published as soon as the acquiree has acquired shares constituting, on a cumulative basis, 3% of the number of shares of the acquiree company 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;
- this general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the acquiree's issued share capital at the time the authority is granted, subject to a maximum of 10% in the aggregate in the event that it is the Company's share capital that is repurchased by a subsidiary;

- a resolution has been passed by the Board of Directors approving the purchase, that the Company has satisfied the solvency and liquidity test as defined in the Companies Act and that since the solvency and liquidity test was applied there have been no material changes to the financial position of the Group;
- the general purchase 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 the five business days immediately preceding the date that the transaction is effected. The JSE should be consulted for a ruling if the securities have not traded in such five business day period;
- the Company and/or subsidiary may at any point in time only appoint one agent to effect any repurchase(s) on the subsidiary company's behalf;
- the subsidiary company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless there is a repurchase programme in place as contemplated in terms of paragraph 5.72(g) of the Listings Requirements of the JSE; and
- the Company must ensure that its sponsor provides the JSE with the required working capital letters before it commences the repurchase of any shares.

The reason for and effect of special resolution number 4 is to grant the Board of Directors of any subsidiary of the Company a general authority in terms of the Listings Requirements of the JSE to acquire shares issued by such subsidiary and/or to acquire shares issued by the Company on the basis reflected in the special resolution.

2.8 Special resolution number 5

"Resolved in terms of section 60(1)(c)(ii) of the Companies Act, as amended, that the Company hereby approves and adopts in terms of section 60(5)(a) of the Companies Act, a new memorandum of incorporation, a copy of which has been tabled at this AGM and initialled by the chairman of the board for identification purposes, in substitution for the existing memorandum of incorporation (previously known as the memorandum and articles of association). The date on which the memorandum of incorporation becomes effective will be the date that this special resolution approving the memorandum of incorporation is adopted, irrespective of the date of filing thereof with the Companies and Intellectual Properties Commission ("CIPC").

The reason for special resolution number 5 is to obtain the approval of the shareholders of the Company to replace the existing memorandum of incorporation (previously known as the memorandum of incorporation and articles of association) with a new memorandum of incorporation which is aligned with the requirements of the Companies Act. In terms of Schedule 5 of the Companies Act every pre-existing company has until 1 May 2013 to amend its memorandum of incorporation in harmony with the Companies Act. A copy of the memorandum of incorporation proposed for adoption in terms of special resolution number 5 is available for inspection from 21 May 2012 up to 21 June 2012 at the registered office of the Company at 8 Monaco Square, 14 Church Street, Durbanville, 7551.

The effect of this special resolution number 5 will be that the Company will adopt a new memorandum of incorporation in compliance with the Companies Act.

3. Other business

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

Information relating to the special resolutions

1. The directors of the Company or its subsidiaries will only utilise the general authority to purchase shares of the Company and/or the subsidiary as set out in special resolutions numbers 3 and 4 to the extent that the directors, after considering the maximum shares to be purchased, are of the opinion that the position of the Company and its subsidiaries ("the Curro Group") would not be compromised as to the following:
   - the Curro Group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of this AGM and for a period of 12 months after the purchase;
   - the consolidated assets of the Curro Group will at the time of the AGM and at the time of making such determination be in excess of the consolidated liabilities of the Curro Group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the Curro Group;

- the ordinary capital and reserves of the Curro Group after the purchase will remain adequate for the purpose of the business of the Curro Group for a period of 12 months after the AGM and after the date of the share purchase; and
- the working capital available to the Curro Group after the purchase will be sufficient for the Curro Group's requirements for a period of 12 months after the date of the notice of the AGM.

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

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

3. The directors, whose names appear on page 39 of the annual report, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts that have been made and that the notice contains all information required by the Listings Requirements of the JSE.

VOTING

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretaries of the Company ("**the Share Register**") for purposes of being entitled to receive this notice is 18 May 2012.
2. The date on which shareholders must be recorded in the Share Register for purposes of being entitled to attend and vote at this meeting is Friday, 15 June 2012, with the last day to trade being Friday, 8 June 2012.
3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the AGM and must accordingly bring a copy of their identity document, passport or 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 are set out the relevant instructions for its completion, is enclosed for the use of a certificated shareholder or own name registered dematerialised shareholder who wishes to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.
5. The instrument appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretaries of the Company at the address given below by not later than 10:30 on 20 June 2012.
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 annual general meeting 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 themselves and the CSDP or broker in the manner and time stipulated therein.
8. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

SHAREHOLDERS' CALENDAR

	2012
Announcement of annual results	Tuesday, 28 February
Annual report	Monday, 21 May
Annual General Meeting	Friday, 22 June
Interim results for the six months ended 30 June 2012	Monday, 20 August

Curro Hazeldean Private School

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**" or "**the Group**")

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 Webersburg, Annandale Road, Stellenbosch at 10:30 on Friday, 22 June 2012.

I/We (full name in print)

of (address)

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

Cellphone number:

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

1. failing him/her or

2. failing him/her or

3. the Chairman of the AGM,

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

	Number of shares		
	In favour of	Against	Abstain
To accept the presentation of the audited annual financial statements			
Ordinary resolution number 1: To re-elect Adv. JA le Roux as director			
Ordinary resolution number 2: To re-elect Mr PJ Mouton as director			
Ordinary resolution number 3: To reappoint Mr B Petersen as a member of the Audit and Risk Committee of the Company			
Ordinary resolution number 4: To reappoint Prof. MC Mehl as a member of the Audit and Risk Committee of the Company			
Ordinary resolution number 5: Reappointment of auditor			
Ordinary resolution number 6: To confirm the auditor's remuneration			
Ordinary resolution number 7: Placing of unissued shares under the control of the directors			
Ordinary resolution number 8: General authority to issue shares for cash			
Special resolution number 1: Remuneration of non-executive directors			
Special resolution number 2: Inter-company loans			
Special resolution number 3: Share buy-back by the Company			
Special resolution number 4: Share buy-back by subsidiaries of the Company			
Special resolution number 5: Adoption of new memorandum of incorporation			

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

Signed at on this day of 2012

Signature(s)

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

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

Please read the notes on the reverse side hereof.

NOTES TO THE FORM OF PROXY

Notes:

1. A Curro shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chairman of the AGM". The person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.

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

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

4. Forms of proxy must be completed and returned to be received by the transfer secretaries of the Company, Computershare Investor Services (Proprietary) Limited (PO Box 61051, Marshalltown, 2107), by not later than 10:30 on Wednesday, 20 June 2012.

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

6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the chairman of the AGM.

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

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Private schools and education services
Directors	**Executive** Dr CR van der Merwe Mr AJF Greyling Mr B van der Linde Mr HG Louw **Non-executive** Adv. JA le Roux *(Chairman)* Mr PJ Mouton **Independent non-executive** Mr B Petersen Ms M Vilakazi Prof. MC Mehl
Registered office	8 Monaco Square 14 Church Street Durbanville 7550
Business address	8 Monaco Square 14 Church Street Durbanville 7550
Postal address	PO Box 2436 Durbanville 7551
Holding company	PSG Financial Services Limited Incorporated in South Africa
Bankers	ABSA Bank Limited
Auditor	Deloitte & Touche Registered Auditor
Company registration number	1998/025801/06
Level of assurance	These audited annual financial statements have been audited in compliance with the applicable requirements of the Companies Act, No. 71 of 2008.
Preparer	The audited annual financial statements were compiled under the supervision of: Mr B van der Linde, CA(SA), CFA
Published	30 March 2012

CURRO HOLDINGS

PRIVATE SCHOOLS / SKOLE