

Headline earnings
▲ 59%
from R51m
to R81m

HEPS
▲ 51%
from 14.5 cents
to 22.0 cents

Schools EBITDA
▲ 27%
from R204m
to R259m

Revenue
▲ 24%
from R705m
to R872m

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	% change	Unaudited 30 Jun 2016 6 months R million	Unaudited 30 Jun 2015 6 months R million	Audited 31 Dec 2015 12 months R million
Revenue	24%	872	705	1 384
Operating expenses	22%	(661)	(541)	(1 092)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	29%	211	164	292
- Schools EBITDA	27%	259	204	382
- Head office EBITDA	20%	(48)	(40)	(90)
Depreciation and amortisation	24%	(52)	(42)	(85)
Earnings before interest and taxation (EBIT)	30%	159	122	207
Investment revenue	64%	18	11	27
Gain from bargain purchase	-	-	-	4
Share of profits of associates*	-	-	-	1
Impairment	-	-	-	(6)
Finance costs	18%	(78)	(66)	(118)
Profit before taxation (PBT)	48%	99	67	115
Taxation	-	(19)	(19)	(23)
Profit for the period (PAT)	67%	80	48	92
Other comprehensive income:				
Net fair value (loss) / profit on cash flow hedges	-	(18)	5	25
Total comprehensive income	17%	62	53	117
Profit attributable to:				
Owners of the parent	59%	81	51	98
Non-controlling interest	67%	(1)	(3)	(6)
		80	48	92
Total comprehensive income attributable to:				
Owners of the parent	13%	63	56	123
Non-controlling interest	17%	(1)	(3)	(6)
		62	53	117
Reconciliation of headline earnings:				
Earnings attributable to owners of the parent		81	51	98
Adjusted for:				
Impairment	-	-	-	6
Gain from bargain purchase	-	-	-	(4)
Headline earnings	59%	81	51	100
EBITDA margin	24%			
Schools EBITDA margin	30%			
Earnings per share (cents)**				
- Basic	51%	22.0	14.5	27.8
- Diluted	49%	21.6	14.5	27.8
Headline earnings per share (cents)**				
- Basic	51%	22.0	14.5	28.3
- Diluted	49%	21.6	14.5	28.3
Number of shares in issue (millions)				
- Basic		389.3	355.2	356.9
- Diluted		395.6	360.7	362.4
Weighted average number of shares in issue (millions)				
- Basic		370.2	347.2	353.5
- Diluted		376.5	352.7	359.0

Notes:

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

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 Jun 2016 R million	Unaudited 30 Jun 2015 R million	Audited 31 Dec 2015 R million
ASSETS			
Non-current assets	5 291	4 052	4 756
Property, plant and equipment*	4 725	3 568	4 250
Goodwill	397	338	333
Intangible assets	147	128	134
Investment in associate	9	9	10
Other financial assets	13	9	29
Current assets	1 154	868	323
Inventories	6	5	8
Current tax receivable	5	4	6
Other financial assets*	53	-	42
Loan to group companies	-	3	-
Trade and other receivables	51	54	36
Cash and cash equivalents	1 039	802	231
Total assets	6 445	4 920	5 079
EQUITY			
Equity attributable to equity holders of parent	4 209	3 003	3 088
Share capital	3 885	2 819	2 834
Reserves	28	23	39
Retained income	296	161	215
Non-controlling interest	(9)	(4)	(7)
Total equity	4 200	2 999	3 081
LIABILITIES			
Non-current liabilities	1 895	1 670	1 750
Loans and other financial liabilities	1 640	1 492	1 561
Deferred tax	255	178	189
Current liabilities	350	251	248
Loans and other financial liabilities	36	30	28
Current tax payable	-	5	-
Trade and other payables	127	91	99
Prepaid school fees and deposits	155	119	115
Acquisition payables	32	6	6
Total liabilities	2 245	1 921	1 998
Total equity and liabilities	6 445	4 920	5 079
Net asset value per share (cents)	1 078.9	845.4	865.3

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

CONDENSED CONSOLIDATED SEGMENTAL REPORT

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

J-CURVE

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

	Number of schools	Learner numbers			Growth			Schools EBITDA (R million)			Growth			Schools EBITDA margin			Eventual capacity		
		2016	2014	2015	2016	13/14	14/15	15/16	2014	2015	2016	13/14	14/15	15/16	2014	2015	2016	2014	2015
Developed schools	80	14 633	20 734	24 344	36%	42%	17%	62	88	132	175%	43%	49%	25%	23%	28%	40%	40%	42%
2009 and before	8	3 121	3 313	3 422	5%	6%	3%	17	19	23	45%	7%	23%	31%	29%	30%	79%	84%	86%
2010	6	1 999	2 131	2 216	22%	7%	4%	9	12	15	155%	34%	26%	26%	29%	32%	62%	66%	69%
2011	16	3 720	4 382	4 530	26%	18%	3%	14	20	28	419%	46%	37%	22%	23%	27%	39%	45%	47%
2012	6	1 351	1 599	1 764	34%	18%	10%	4	8	9	428%	68%	17%	19%	23%	23%	40%	48%	53%
2013	11	3 643	4 918	5 651	71%	35%	15%	20	34	48	467%	71%	41%	35%	37%	42%	37%	50%	58%
2014	8	799	1 267	1 506	-	59%	19%	(3)	1	2	n/a	120%	(27%)	5%	9%	12%	19%	22%	
2015	19	-	3 124	4 730	-	-	51%	(5)	9	(1)	-	n/a	-	(14%)	14%	-	20%	30%	
2016	6	-	-	525	-	-	-	-	-	(1)	-	-	-	(14%)	-	-	-	9%	
Acquired schools	30	14 266	15 351	17 049	28%	8%	11%	78	117	131	48%	49%	12%	32%	35%	34%	72%	75%	77%
2012 and before	17	6 511	6 890	6 847	11%	6%	(1%)	49	64	69	28%	29%	7%	36%	39%	38%	68%	72%	71%
2013	3	5 728	5 795	5 541	8%	1%	(4%)	26	31	33	77%	22%	5%	31%	33%	36%	74%	75%	71%
2014	5	2 027	2 066	2 425	-	2%	17%	4	19	23	-	435%	23%	14%	30%	31%	82%	84%	82%
2015 and 2016	5	-	600	2 236	-	-	273%	-	3	7	-	-	138%	-	23%	19%	-	81%	92%
Property rental																			
Total	110	28 899	36 085	41 393	32%	25%	15%	140	204	259	86%	45%	27%	29%	29%	30%	51%	50%	51%

Note:

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

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF COMPLIANCE

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

2. ACCOUNTING POLICIES

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

3. SHARE CAPITAL

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

4. BUSINESS COMBINATIONS

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

5. EVENTS AFTER THE REPORTING PERIOD

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

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

6. FINANCIAL ASSISTANCE

Curro has established a wholly owned subsidiary, Curro Funding Company (Pty) Ltd ("Curro Funding"), to act as a funding and treasury vehicle within the Group by obtaining funding from third-party financiers and providing financial assistance to inter-related entities within the Group. Curro will