

STADIO

— HOLDINGS —

STADIO HOLDINGS LIMITED
(Previously Embury Holdings Proprietary Limited)
(incorporated in the Republic of South Africa)
Registration number: 2016/371398/06
JSE share code: SDO
ISIN ZAE000248662
("STADIO")

PRE-LISTING STATEMENT

The definitions and interpretations commencing on page 13 of this Pre-listing Statement apply to this cover page.

This Pre-listing Statement is prepared and issued in terms of the JSE Listings Requirements. This Pre-listing Statement is not an invitation to the public to subscribe for Shares in STADIO. It is issued in compliance with the JSE Listings Requirements, for the purpose of providing information in respect of STADIO to the public and to investors.

The JSE has granted STADIO a Listing by way of introduction of all its issued ordinary shares on the main board of the JSE under the abbreviated name "STADIO", share code "SDO" and ISIN ZAE000248662 with effect from the commencement of trade on Tuesday, 3 October 2017. STADIO will be listed in the "Specialised Consumer Services" sector of the main board.

As at the Listing Date, the total authorised share capital of STADIO will comprise 1 000 000 000 ordinary no par value Shares, the issued share capital of STADIO will consist of 447 580 089 ordinary no par value Shares and the stated capital of STADIO will amount to R441 963 964. None of STADIO's Shares will be held in treasury on the Listing Date. On the Listing Date, all ordinary issued Shares shall rank *pari passu* with each other in all respects, including in respect of voting rights and dividends.

Shareholders are advised that their Shares in STADIO will only be traded on the JSE in Dematerialised form and accordingly all Shareholders who receive their Shares in certificated form in terms of the Unbundling, will have to Dematerialise their share certificates in order to trade their Shares on the JSE. Such Shareholders must accordingly make arrangements with their CSDP or Broker in terms of the Custody Agreement with their CSDP or Broker.

The Directors, whose names are given in the "Corporate Information" section of this Pre-listing Statement, 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 have been made and that this Pre-listing Statement contains all information required by the JSE Listings Requirements.

The Independent Reporting Accountants, whose reports are contained in this Pre-listing Statement, have given, and have not withdrawn, prior to the date of this Pre-listing Statement, their written consent to the inclusion of their reports in the form and context in which they appear.

Each of STADIO's advisors, whose names appear on the cover page and in the "Corporate Information" section of this Pre-listing Statement, has consented in writing to act in the capacity stated and to its name appearing in this Pre-listing Statement, and has not withdrawn its consent prior to the publication of this Pre-listing Statement.

An abridged version of this Pre-listing Statement will be released on SENS on Friday, 15 September 2017 and published in the press on Monday, 18 September 2017.

Transaction Advisor and Sponsor



Independent Sponsor



Independent Reporting Accountant and Auditor of STADIO and Embury



Independent Reporting Accountant in respect of AFDA and Intraframe historical financial information



Independent Reporting Accountant in respect of Embury 2014 and 2015 historical financial information



Date of issue: 15 September 2017

This Pre-listing Statement is available in English only. Copies may be obtained during normal business hours from the registered office of STADIO and from the offices of the Transaction Advisor and Sponsor, whose addresses are set out in the "Corporate Information" section of this Pre-listing Statement from Friday, 15 September 2017 until the Listing Date (both days inclusive). A copy of this Pre-listing Statement will also be available on STADIO's website (www.stadio.co.za) from Friday, 15 September 2017.

IMPORTANT LEGAL NOTES

The definitions and interpretations commencing on page 13 of this Pre-listing Statement apply to this section.

This Pre-listing Statement is not an invitation to the public in South Africa to subscribe for securities, but is issued in compliance with the JSE Listings Requirements, for the purpose of providing information in respect of STADIO to the public. This Pre-listing Statement does not constitute, envisage or represent an offer to the public in South Africa, as envisaged in the Companies Act, nor does it constitute a prospectus registered in terms of the Companies Act.

ISSUED IN SOUTH AFRICA ONLY

This Pre-listing Statement has been issued in South Africa only. The distribution of this Pre-listing Statement may be restricted by law. Persons into whose possession this Pre-listing Statement comes, must inform themselves about and observe any and all such restrictions. This Pre-listing Statement does not constitute an offer of or invitation to subscribe for and/or purchase any Shares of STADIO in any jurisdiction.

The release, publication or distribution of this Pre-listing Statement in certain jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction. It is the responsibility of the non-resident Shareholder to satisfy himself or herself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with this Pre-listing Statement.

Any Shareholder who is in doubt as to his position, including, without limitation, his tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

FORWARD-LOOKING STATEMENTS

This Pre-listing Statement contains statements about STADIO and the STADIO Group that are or may be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. STADIO cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industries in which STADIO operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Pre-listing Statement.

All these forward-looking statements are based on estimates and assumptions made by STADIO. Although STADIO believes them to be reasonable, they are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to STADIO or not currently considered material by STADIO.

Shareholders should keep in mind that any forward-looking statement made in this Pre-listing Statement or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of STADIO not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement is not known. STADIO has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Pre-listing Statement after the date of this Pre-listing Statement, except as may be required by law.

DISCLOSURE OF INTERESTS

As indicated in this Pre-listing Statement, PSG Capital fulfils the functions of Transaction Advisor and Sponsor to STADIO. It is PSG Capital's opinion that the performance of both of these functions do not represent a conflict of interest for PSG Capital, impair its independence from STADIO or impair its objectivity in its professional dealings with STADIO or in relation to the Listing.

On the Listing Date, PSG Group, which is the holding company of PSG Capital, will be the ultimate controlling Shareholder of STADIO.

PSG Capital operates separately and independently from PSG Group and STADIO and accordingly there are no matters which may have an effect on the independence of PSG Capital from STADIO in respect of this Pre-listing Statement.

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D Singh (Chief academic officer)
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* *non-executive*

independent

Date and place of incorporation

25 August 2016
Republic of South Africa

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SALIENT FEATURES

The definitions and interpretations commencing on page 13 of this Pre-listing Statement apply to these salient features.

1. INTRODUCTION

- 1.1 Curro is currently the largest for-profit independent school group in Africa, providing education services to approximately 47 000 learners in 127 schools across South Africa and Namibia. Curro has been a proud provider of pre-school and school-based education since 1998 and was listed on the JSE in 2011.
- 1.2 In 2013, Curro acquired Embury, a registered private higher education institution, which offers accredited undergraduate teacher-education qualifications. The acquisition of Embury was Curro's first investment in the post-school education environment.
- 1.3 In light of the opportunities presented in the post-school education market, it was a natural progression for Curro to develop and further expand its higher education offering. The Latin word "Curro", can be translated into English as "I run" and the Italian word "Stadio", can be translated into English as "stadium". In ancient Rome, long-distance races required athletes to run from stadium to stadium to reach the finish line. The progression from Curro to STADIO, symbolises the fact that STADIO is the way in which the race for education will be continued. It also epitomises the ethos of "continuing" (lifelong) learning.
- 1.4 On 28 February 2017, Curro announced its intention to unbundle its entire interest in STADIO and to list STADIO on the JSE.
- 1.5 Pursuant to STADIO's growth strategy, it was announced on 8 June 2017, that STADIO would acquire a 100% equity interest in AFDA (and Intraframe) and on 22 June 2017, it was further announced that STADIO would acquire a 74% equity interest in the Southern Business School.

2. INDUSTRY BACKGROUND

- 2.1 *"Education is the civil rights struggle of our generation requiring the biggest expansion of educational opportunity in modern history".¹*
- 2.2 Education is indisputably fundamental for the development of the necessary skills and intellectual capital that will ultimately promote economic growth and development. Access to education plays a pivotal role in promoting equality, democracy and ultimately social justice.
- 2.3 Whilst the early childhood development and basic education sectors are vitally important to laying the educational foundation for individuals, it is acknowledged that students who further their post-school education, obtain a wide range of financial, personal and other lifelong benefits. Similarly, taxpayers and society as a whole derives a multitude of direct and indirect benefits when citizens have access to post-school education.
- 2.4 An expanding post-school education system has become a norm of modernisation and the demand for post-school education continues to grow.
- 2.5 Globally, the number of students enrolled specifically at higher education institutions more than doubled between 2000 to 2015, from 99.7 million students to 213.7 million students.²
- 2.6 This growth has arisen mainly from:
 - 2.6.1 a growing population (including a growing middle-class population);
 - 2.6.2 an increase in the number of school leavers qualifying to participate in post-school education; and
 - 2.6.3 an increase in the actual Gross Tertiary Enrolment Rate ("**GTER**") of students typically attending higher education institutions (GTER defined as total student enrolments divided by the school leaver age-cohort in the national population i.e. the population typically between the ages of 18 and 24 years). The global average of the GTER was 32.9% increasing to 34% in 2014 and is expected to reach about 50% by 2034. GTER rates are on average 76.6% in Northern and Western Europe, 43.9% in Latin America and the Caribbean and 8.2% in Sub-Saharan Africa.³
- 2.7 In South Africa, the higher education market is made up of 26 public higher education institutions (with an aggregate of 985 212 students in 2015) and 124 private higher education institutions (with an aggregate of 147 210 students in 2015), which collectively had a total of 1 132 422 students in 2015.⁴
- 2.8 As with global trends, the demand for higher education in South Africa has increased, with the number of total students enrolled in higher education institutions more than doubling from approximately 557 000 students in 2000⁵ to 1 132 422 students in 2015.⁶

¹ UN Special Envoy for Global Education Gordon Brown, UN Education Commission.

² UNESCO (2015).

³ Simon Marginson 2016 & 2017.

⁴ DHET. March 2017. Statistics on Post-School Education and Training SA 2015.

⁵ DHET. 2016. 2000-2008 First Time Entering Undergraduate Cohort Studies for Public Higher Education Institutions.

⁶ DHET. March 2017. Statistics on Post-School Education and Training SA 2015.

- 2.9 Over the same period the number of first-time students enrolled at public higher education institutions increased by 75%, from 98 095 in 2000⁷ to 171 930 in 2015,⁸ with the bulk of the growth arising from UNISA (a dedicated distance learning institution) and North West University (with its newly introduced distance learning focus).
- 2.10 Private higher education institutions only account for 13% of the total higher education market in South Africa, with 147 210 enrolled students in 2015, up from 90 767 enrolled students in 2009. In Brazil and Chile, for example, total enrolments in private higher education are closer to 71% in 2012 and 84% in 2013, respectively. For Organization for Economic Cooperation and Development (OECD) countries, the corresponding figure was approximately 31% in 2013.
- 2.11 It is an indisputable fact that the demand for private higher education in South Africa continues to increase, as is evident from the following facts:
- 2.11.1 the number of school leavers qualifying for post-school education has increased by 25% from approximately 334 718 students in 2009 to 442 672 students in 2016;⁹
- 2.11.2 even with the introduction of two new public higher education universities in the Northern Cape and Mpumalanga in 2014, at least 60% of school leavers per annum who qualify for further study cannot be accommodated by the public higher education sector. With the increasing numbers of successful school leavers, the impact of this shortfall is compounded every year; and
- 2.11.3 in 2015, the GTER for South African universities was approximately 19% up from 14% in 2000. The National Development Plan (NDP) has set a target to increase higher education participation to 1.6 million students in 2030 however, to meet the global average GTER, STADIO estimates that the number of participants should increase to 2 million students.
- 2.12 The future growth of student enrolments in South African public universities is however constrained by the limited infrastructure and other resource capacity issues. It is estimated that the expected current maximum capacity of first-year enrolments at public higher education institutions is approximately 180 000 students.
- 2.13 Adding a further constraint to cater for the increased demand is the enrolment cap based on the limited available budget from the national fiscus that is applied to public higher education institutions by the DHET. This cap dictates the maximum new students that may be admitted annually that will be subsidised by the state.
- 2.14 Over and above the capacity (i.e. infrastructure and financial) shortages, public higher education institutions face the following further material challenges:
- 2.14.1 **High drop-out rates, low graduation rates and the long time to graduate**
- Since 1994, the increase in the number of students accessing higher education has been significant, particularly amongst previously marginalised groups. However, the success rates of these higher student numbers have not been proportionately evident. Instead, the higher access rates are accompanied by equally higher attrition rates (mainly as a consequence of low output and throughput rates).¹⁰ In 2013, the CHE reported that as many as 55% of students never graduated.¹¹ In 2015, the statistics from DHET indicated that average graduation rates at public higher education institutions ranged between 13% and 43% (with an overall 3.3% increase from 2014).¹²
- 2.14.2 **Limited articulation possibilities**
- Given the constraining impact of the enrolment cap on public higher education institutions, students who drop out and/or are academically cancelled have limited opportunities to further their studies within the public sector due to a lack of nationally applicable articulation arrangements allowing them to continue their studies at other institutions in the post school sector.
- 2.14.3 **Increase in operational costs of public higher education institutions**
- The operating expenses of public higher education institutions increase annually, which means that further pressure will be placed on the government to increase funding to these institutions. If the state cannot increase its funding, these institutions will have to look to other sources of income to sustain themselves, including student fees.
- 2.15 Noting the challenges confronting public higher education and training, and the acknowledgement of the critical importance of higher education in growth and development,¹³ the private sector is an ideal partner to support and assist the state to address and mitigate its risks vis-à-vis post-school education and training. This view is supported by the DHET, which has recognised the critical role of private institutions in expanding opportunities specifically for higher education and training in South Africa. By 2030, the DHET would like to see 1 million students in private higher education, as an element of national growth and development.¹⁴

⁷ Ian Bunting, Charles Sheppard, Nico Cloete, and Lisa Belding. *Performance Indicators in South African Higher Education*.

⁸ DHET. March 2017. *Statistics on Post-School Education and Training SA 2015*.

⁹ Department of Basic Education, *National Senior Certificate – Examination Report 2016*.

¹⁰ Sadhana Manik. 2015. *Calibrating the Barometer: Student Access and Success in South African Public Higher Education Institutions. Alternation Special Edition*.

¹¹ Saleem Badat. 2014 *CHE Report to Parliament*.

¹² DHET. March 2017. *Statistics on Post-School Education and Training SA 2015*.

¹³ *Global Goals 2030, AU Agenda 2063, and the NDP 2030*.

¹⁴ *Information sharing workshop on the regulatory framework for private higher education institutions, 7 September 2017*.

3. BUSINESS RATIONALE OF STADIO

- 3.1 The current unemployment rate in South Africa remains critically high at 27.7%.
- 3.2 Education and training remains vitally important to reduce unemployment and promote economic growth.
- 3.3 Research further indicates that in South Africa, the graduate unemployment rate is at about 5%¹⁵, implying that a degree or post school qualification dramatically increases the probability of securing a job and therefore economic security and stability.
- 3.4 As such, the Board believes that STADIO, through its Subsidiaries, can play a meaningful role by:
 - 3.4.1 **Widening access to higher education, by:**
 - 3.4.1.1 investing capital to create capacity to accommodate the increasing demand for higher education (i.e. with competing socio-economic demands, the government does not have the financial and operational resources to address this demand);
 - 3.4.1.2 providing seamless access and articulation pathways through a compendium of qualifications that will allow for progression from higher certificate to degree qualifications;
 - 3.4.1.3 ensuring a sufficiently diverse programme and qualification mix that caters to both school-leavers, working adults and the post-graduate student, within the framework of lifelong learning; and
 - 3.4.1.4 enhancing the use of distance learning which is both more affordable and will increase the breadth of access;
 - 3.4.2 **Offering innovative curricula and programmes that are relevant and relate to the world of work and the needs of society i.e. programmes that will provide students with a real chance of finding or creating employment post-qualification but which will equally ensure that STADIO graduates have a fundamental understanding of responsible citizenship and global awareness; and**
 - 3.4.3 **Focussing on graduate success and throughput (i.e. access with success), as follows:**
 - 3.4.3.1 STADIO recognises that a number of higher education students do not progress academically as a result of not achieving examination admission. STADIO believes that, having registered a student, the higher education institution must take all reasonable and responsible steps to facilitate the success of such student, including the implementation of the 'credit retry' principle as an integral element of its teaching and learning methodology. The 'credit retry' principle focuses on identifying students at risk of not achieving examination admission and providing adaptive further academic support and/or formative assessment opportunities that will improve their chances to sit for the examination, pass the examination and graduate successfully; and
 - 3.4.3.2 Private higher education institutions and STADIO particularly introduce an opportunity for students who drop out and/or are academically cancelled, to ensure that no learning is wasted. STADIO's academic ethos promotes articulation and mobility between and among its own institutions as well as the public higher education sector through the application of existing DHET policies of credit accumulation and transfer, recognition of prior learning, and recognition and equivalence of degrees.
- 3.5 Notwithstanding STADIO's aforementioned intentions, STADIO is also cognisant that although increasing infrastructure is one pillar in the "access" discussion, a second pillar, given that further state funding is an unlikely option, is sustainable financial support for students. STADIO is considering several models that may be implemented individually or collectively and includes academic merit and needs bursaries and scholarships (estimated at between 1% and 3% of revenue per annum). Furthermore, STADIO believes that successful businesses in both the listed and unlisted environments can use their corporate, social responsibility funds to provide bursaries for students to study programmes which will provide young adults with the skillsets relevant to the world of work. By monitoring the learning success of these students, these companies will find comfort that their money is appropriately used for the benefit of the country.
- 3.6 The intention of the Unbundling and Listing is to create a separate listed business focussing on higher education with a strong management team and a dedicated anchor shareholder (namely PSG Group) in order to become a leader in the higher education market in South Africa.
- 3.7 To achieve its goal, STADIO intends to create a "**Multiversity**". A Multiversity is defined as a large, diverse institution of higher learning created to educate for life and for a profession, and to grant degrees, (including higher certificates and diplomas).¹⁶ Whereas a university implies "sameness" and the integration of all knowledge, a Multiversity implies a DIVERSITY of knowledge with diverse institutions catering for the diverse and relevant needs of the South African market place. The concept of a Multiversity further respects the uniqueness of every student.
- 3.8 As a Multiversity, STADIO will own various registered higher education institutions, which will retain their own brands, campuses and management teams, but will share a common ethos and benefit from the synergies, infrastructure and shared services arising from the STADIO Group structure.
- 3.9 STADIO is an investment holding company that focusses on the acquisition of, investment in, growth and development of higher education institutions to assist in meeting the demand for quality and relevant higher education programmes in Southern Africa. It intends to acquire and grow existing registered higher education brands, fund further expansions of existing brands and oversee the greenfield development of new campuses.

¹⁵ CDE Insight (2013).

¹⁶ www.vocabulary.com/multiversity

- 3.10 STADIO, through its Subsidiaries, will have diverse offerings including undergraduate and post graduate programmes (higher certificates, diplomas and degrees), geared to providing students with a real chance of creating their own employment opportunities (entrepreneurship) or finding employment post-qualification. As the investment holding company of the various education institutions, STADIO will monitor the business success and drive efficiencies, innovations and best practices across the STADIO Group.
- 3.11 The STADIO Group is committed to being relevant to the higher educational needs of the country and the broader African higher educational and development agenda, however, STADIO aims equally to be a recognised and valued participant in the international milieu of higher education. For this and other reasons, as a business STADIO will provide education through its various institutions and brands in the English language.
- 3.12 At the Listing Date, the STADIO Group will have (as set out in the table below):
- 3.12.1 3 registered higher education institutions, namely Embury, AFDA and the Southern Business School (as more fully described below), that have been operating for between 17 and 23 years;
- 3.12.2 5 faculties, namely (i) Education; (ii) Commerce and Business; (iii) IT; (iv) Law and (v) Arts;
- 3.12.3 28 accredited programmes, ranging from higher certificates and diplomas to post graduate degrees (including masters' degrees);
- 3.12.4 approximately 22 new courses/programmes in the process of development and accreditation, which will be offered by the STADIO Group from the commencement of the 2018, 2019 or 2020 academic years;
- 3.12.5 10 registered campuses/sites, including sites in Gauteng, the Western Cape, Kwa-Zulu Natal, Eastern Cape, Botswana (Gaborone) and Namibia (Windhoek); and
- 3.12.6 approximately 12 979 registered students.

	Student numbers 2017	Capacity at campuses	Mode of delivery	Average tuition fees 2017 (R'000)	Number of faculties	Number of accredited programmes	Number of programmes in development or accreditation	Registered sites of delivery
Embury	1 073	6 100	Contact and distance	39	1	8	17	3
AFDA	1 950	4 000	Contact	79	3	9	3	5
Southern Business School	9 956	*	Distance	12	2	11	2	2
STADIO Group	12 979					28	22	10

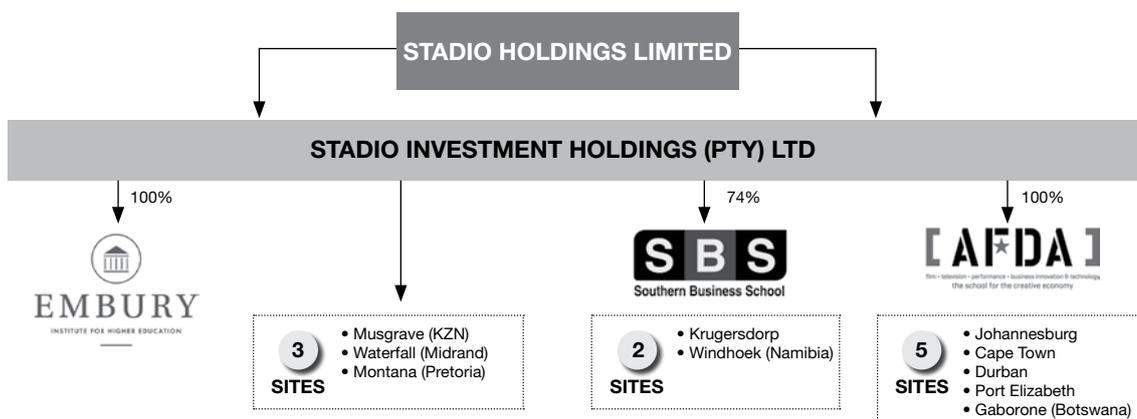
* Capacity is not constrained by physical infrastructure.

- 3.13 STADIO will grow its business by focussing on:
- 3.13.1 the acquisition of reputable higher education institutions, aligned with STADIO's Multiversity strategy and ethos, with the aim to accumulate a wide spread of programmes and qualifications in various fields of higher education;
- 3.13.2 optimising the utilisation of STADIO's newly constructed facilities, namely:
- 3.13.2.1 Musgrave (Kwa-Zulu Natal) (contact learning capacity of 2 700 students);
- 3.13.2.2 Montana (Pretoria) (contact learning capacity of 1 700 students); and
- 3.13.2.3 Waterfall (Midrand) (contact learning capacity of 1 700 students);
- 3.13.3 promoting the growth of existing brands (i.e. Embury, AFDA, and the Southern Business School). This will include:
- 3.13.3.1 geographic expansion through rolling out the brands to new locations;
- 3.13.3.2 accrediting further undergraduate and post-graduate degrees, diplomas and higher certificate qualifications across various brands;
- 3.13.3.3 investing in focused marketing across the various brands and products of the STADIO Group; and
- 3.13.3.4 expanding distance learning offerings across the brands (key qualifications to be accredited on both distance learning and contact learning modes of delivery); and
- 3.13.4 expanding into greenfield opportunities by exploring its offering into new faculties, such as Engineering as well as Health and Sciences, in due course.

4. OVERVIEW OF THE STADIO GROUP

4.1 STADIO Group Structure

The following diagram sets out the STADIO Group structure after the implementation of the SBS Acquisition, which is anticipated to be completed on or about the Listing Date:



Note

The SBS Acquisition is subject to the fulfilment of the material outstanding condition precedent that by 30 September 2017 (or such later date as agreed to between the parties to the SBS Acquisition Agreements), the SBS Acquisition has been unconditionally approved by the Namibian competition authorities, or conditionally approved on terms and conditions which are acceptable to STADIO Investment Holdings.

4.2 Businesses

The various businesses of the STADIO Group are detailed below:

4.2.1 Embury Institute for Higher Education Proprietary Limited (Embury) (100%)

4.2.1.1 Embury is a South African registered higher education institution (DHET registration number 2008/HE07/004) which currently offers 8 accredited undergraduate teacher-education qualifications through both contact and distance learning modes, to prepare teachers for working in South African schools. Embury currently has approximately 1 100 students registered for contact and distance learning qualifications at its Morningside campus in Durban (KwaZulu-Natal). Currently the Morningside campus is at capacity which has limited Embury's growth potential in KwaZulu-Natal to date. During 2017, Embury (through STADIO) acquired and developed the Musgrave campus in order to meet the increased demand. The Musgrave campus will be able to accommodate a maximum capacity of 2 700 students. The current Embury Morningside campus will thus relocate to the newly constructed Musgrave campus at the beginning of 2018 and strongly position Embury for its next phase of growth in KwaZulu-Natal.

4.2.1.2 Embury is in the process of expanding its national footprint and academic programme offerings. The STADIO board believes that there exists a large opportunity for teacher-education qualifications in Gauteng. As such in January 2018, Embury will open two new campuses in Gauteng, one in Waterfall Estate (Midrand) and the other in Montana (Pretoria). It is estimated that these new campuses will take between 3 and 4 years (i.e. between 2020 and 2021) to breakeven, as the Embury brand gains traction in Gauteng, and thereafter both campuses are expected to contribute meaningfully to the profits of the STADIO Group.

4.2.1.3 Embury is also currently in the process of developing 17 new contact and distance learning qualifications for its teacher education and economic and management sciences faculties. Embury has developed and submitted a number of economic and management sciences qualifications, including its own PGDA, to the CHE for accreditation. Embury is also in the process of obtaining SAICA accreditation for this PGDA programme.

4.2.1.4 Furthermore, Embury has entered into an agreement to acquire the business, intellectual property and employees of CA Connect, with effect from 1 January 2018. CA Connect is a private education business which currently collaborates with a higher education institution in offering a one-year PGDA, which allows students to write the "Initial Test of Competence", being the first of SAICA's professional exams for students on the path to becoming registered Chartered Accountants. The CA Connect team will join and assist in developing Embury's new economic and management sciences faculty from 1 January 2018.

4.2.2 The South African School of Motion Picture Medium and Live Performance Proprietary Limited (AFDA) (100%)

4.2.2.1 AFDA is a South African registered higher education institution, (DHET registration no. 2001/HE07/012) and offers 9 fully accredited programmes ranging from higher certificates to masters' degrees, primarily focused on the film, television and live performance industry.

- 4.2.2.2 AFDA was founded in 1994 by Garth Holmes, Bata Passchier and Deon Opperman. Since then it has grown from 6 students, to a premier institution of its kind in the world, with approximately 1 950 students on campuses in Johannesburg, Cape Town, Durban and Port Elizabeth. AFDA has grown its student numbers consistently from approximately 1 570 students in 2015 to approximately 1 775 students in 2016 and to approximately 1 950 students currently enrolled at its 4 South African campuses. These current campuses can accommodate an approximate student capacity of 4 000 students. AFDA will further look to expand its offerings in locations such as Pretoria and Soweto over time.
- 4.2.2.3 As a further part of its strategy to expand its brand offering, and prepare graduates for the demands of a digital economy, AFDA launched its business innovation and technology degree offering, to address the exciting exponential development of the creative economy.
- 4.2.2.4 It is the intention of AFDA to broaden the scope of its offering in the connected creative ecology, by increasing its choice of disciplines, including interior, graphic and fashion design, advertising, virtual reality, 3D printing, music, sound and application development to produce innovative and profitable business concepts, popular culture, media and entertainment, for both local and global markets.
- 4.2.3 **Southern Business School Proprietary Limited (Southern Business School) (74%)**
 - 4.2.3.1 The Southern Business School is a South African registered higher education institution (DHET registration number: 2002/HE07/015), with its Subsidiary, Southern Business School Namibia, being recognised by the Namibian Qualification Authority. The Southern Business School has 11 accredited distance learning programmes (ranging from higher certificates to masters' degrees) with 3 academic schools, namely the School of Business and Economics, the School of Safety in Society and the School of Law, which offer dedicated formal programmes as well as short courses.
 - 4.2.3.2 Founded by Chris Vorster in 1996, the Southern Business School, which originally opened its doors with 38 students in 1996, offers accredited programmes through distance learning. The business has reflected stellar growth in student numbers from approximately 6 905 students in 2015, to approximately 8 533 students in 2016 and to approximately 9 956 students in 2017, enrolled in South Africa and Namibia.
 - 4.2.3.3 As a contributor to growth, in 2016, the Southern Business School launched a Bachelor of Commerce (in Law) degree as part of its strategy to expand its range of programmes offered.
 - 4.2.3.4 The Southern Business School will continue to seek out growth opportunities (in South Africa and Namibia) by introducing new programmes as well as increasing its presence, through effective marketing, and extending its reach geographically. Being a distance learning provider, the Southern Business School will not require the physical building infrastructure required, for example, by the Embury or AFDA businesses. This business is thus able to scale its operations and widen access with investment in appropriate information technology improvements over time.

5. RATIONALE FOR THE UNBUNDLING AND LISTING

- 5.1 In light of the significant opportunities in the post-school education market and the capital required to pursue these opportunities, the board of Curro undertook to separate the "schools" and higher education businesses, to ensure that each business has its own dedicated management team with a dedicated focus to effectively pursue their growth strategies in separate distinct markets that both offer attractive room for growth.
- 5.2 Thus, the ultimate rationale for the Unbundling and the Listing is to:
 - 5.2.1 provide STADIO with access to the equity and debt capital markets in order to facilitate growth;
 - 5.2.2 enable STADIO to raise funds from its Shareholders for the planned expansion (acquisitive and organic) of STADIO by way of a rights offer in a listed environment;
 - 5.2.3 enhance STADIO's deal making ability, as listed shares can be more readily utilised for the purposes of acquisitions;
 - 5.2.4 provide additional credibility for STADIO to its clients and debt funders; and
 - 5.2.5 provide Shareholders with a liquid, tradable security within a regulated environment, with a market determined share price and an exit mechanism for those Shareholders who wish to exit.

6. KEY STRENGTHS AND COMPETITIVE ADVANTAGES

- 6.1 The Board believes that the STADIO Group's strengths and competitive advantages include the following:
 - 6.1.1 a qualified and highly-skilled leadership team with expertise in education, academics, finance and business;
 - 6.1.2 quality, well established niche-market brands that are acknowledged leaders in their respective fields of offering;
 - 6.1.3 a teaching and learning ideology focussed on graduate success, entrepreneurship and employability. STADIO recognises that a number of higher education students do not progress academically, as a result of not achieving examination admission. STADIO believes that, having registered a student, the higher education institution must take all reasonable and responsible steps to facilitate the success of such student, including the implementation of the 'credit retry' principle as an integral element of its teaching and learning methodology;

- 6.1.4 access to capital and strong financial backing; and
- 6.1.5 economies of scale.
- 6.2 In comparison to the basic education environment, the higher education environment requires lower fixed capital expenditure, with less emphasis on physical infrastructure and fewer buildings required and the potential to leverage off distance learning opportunities to effectively bridge the geographical divide and widen access to a greater number of students.

7. PROSPECTS

- 7.1 STADIO's objective is to facilitate, through its Subsidiaries, access to quality higher education, giving its students realistic opportunities of finding or creating future employment.
- 7.2 Through implementing its growth strategy, the details of which are set out in paragraph 3.13 of this Pre-listing Statement, the STADIO Group's objective is to increase its student enrolments (across both the contact and distance learning modes of delivery) initially to 35 000 students in the medium term and then to approximately 56 000 students by 2026, earning a profit after taxation of approximately R500 million. STADIO believes that the aforementioned target can be achieved through deploying: (i) the capital of up to R840 million raised from the Rights Offer and the B-BBEE Transaction; (ii) internally generated cash; and (iii) debt funding.

PLEASE NOTE THAT THE AFOREGOING STATEMENT OF STADIO'S OBJECTIVE HAS NOT BEEN REVIEWED OR REPORTED ON BY STADIO'S AUDITORS OR BY AN INDEPENDENT REPORTING ACCOUNTANT NOR IS SAME GUARANTEED. IT IS HOWEVER AN OBJECTIVE THAT STADIO WISHES TO ACHIEVE BY 2026.

- 7.3 Over time however, STADIO's vision is to increase its reach to 100 000 students and more.
- 7.4 Given the opportunities in the sector and the demand for quality higher education, the Board is of the opinion that STADIO's prospects are very favourable.
- 7.5 Set out below is an extract of the forecast financial information of STADIO for the financial years ended 31 December 2017, 2018 and 2019. The forecast does not take into account the revenues or profits from future potential acquisitions for which capital will be raised, as set out in paragraph 8 below.
- 7.6 The forecast financial information of STADIO, as presented in **Annexure 13**, is the responsibility of the Directors. The forecast financial information is presented in a manner consistent with the basis on which the historical financial information of STADIO has been prepared and in terms of STADIO's accounting policies. The Independent Reporting Accountant's report on the forecast financial information appears at **Annexure 14** to this Pre-listing Statement.

	2017	2018	2019
Student numbers	12 979	14 339	16 577
<i>Growth (%)</i>	–	10%	16%
Revenue (R million)	142	417	536
Earnings before interest, taxes, depreciation and amortisation (EBITDA) (R million)	3	68	114
EBITDA margin (%)	2%	16%	21%
Headline earnings (R million)	(11)	41	70
Headline earnings per Share (cents)	(2.3)	5.1	8.5
<i>Growth (%)</i>	–	–	67%

8. CAPITAL RAISING

- 8.1 STADIO will, following the Listing and concurrently with the B-BBEE Transaction, raise capital from its Shareholders by way of the Rights Offer. STADIO intends raising approximately R640 million through the aforementioned Rights Offer and up to R200 million through the B-BBEE Transaction (details of which are set out in paragraph 9 below), resulting in a total capital raising of up to R840 million. The details of the Rights Offer will be disclosed to Shareholders in a SENS announcement to be published on or about 3 October 2017 and in the Rights Offer Circular to be published by STADIO on or about 9 October 2017.
- 8.2 PSG Financial Services, who will hold approximately 51% of STADIO post the Unbundling, has irrevocably undertaken that it and/or PSG Alpha Investments Proprietary Limited (a Subsidiary of PSG Financial Services), will follow all of their rights in terms of the Rights Offer. PSG Financial Services has also irrevocably undertaken that it will underwrite the balance of the Rights Offer.
- 8.3 The capital raised in terms of the Rights Offer will be used to fund the cash settled portions of the purchase considerations payable in terms of the AFDA Acquisition and the SBS Acquisition. It will further be utilised to fund the further acquisitions which are in various stages of negotiation, the transaction costs related to the various acquisitions as well as the costs of the capital raising and the Listing.
- 8.4 The capital raised in terms of the B-BBEE Transaction will be used to fund the acquisition of land and the development of existing campuses to facilitate growth, for working capital purposes and to build up the capital resources for future opportunities.
- 8.5 Assuming all the aforementioned capital is successfully raised, post settlement of the purchase considerations payable in terms of the AFDA Acquisition and the SBS Acquisition, STADIO will have excess cash on hand of approximately R430 million, which will specifically be utilised to fund further acquisitions that are in various stages of negotiations. STADIO believes that this capital will be fully invested within the next 6 to 12 months.

9. BROAD-BASED BLACK ECONOMIC EMPOWERMENT STRATEGY

- 9.1 STADIO recognises the importance of social and economic transformation in the South African environment and intends, shortly after the Listing and concurrently with the Rights Offer, to implement the B-BBEE Transaction by way of a private placement of Shares to Black People and Brimstone, as part of its larger B-BBEE strategy.
- 9.2 Brimstone is a black controlled and managed investment holding company listed on the JSE, with investments across various sectors including financial services, food and healthcare.
- 9.3 On 23 August 2017, Shareholders approved the B-BBEE Transaction on the following terms:
- 9.3.1 STADIO will use its reasonable endeavours to place Placement Shares up to a maximum value of R100 million with Black People, including Black Employees (the “**Individual Placement**”);
- 9.3.2 Placement Shares to the value of R100 million will be placed with Brimstone (the “**Brimstone Placement**”);
- 9.3.3 Brimstone has irrevocably agreed to underwrite the Individual Placement and will subscribe for all Placement Shares which are not placed with Black People, including Black Employees, in terms of the Individual Placement;
- 9.3.4 the minimum subscription amount per Black Employee in terms of the Individual Placement shall be R20 000;
- 9.3.5 the minimum subscription amount per Black People, excluding Black Employees, in terms of the Individual Placement is R50 000;
- 9.3.6 the price at which the Placement Shares will be issued will be the lower of:
- 9.3.6.1 R2.96 per Placement Share; and
- 9.3.6.2 the VWAP of a Share for the 30 trading day period after the Listing Date, less a 20% discount (“**Discounted Price**”), provided that if the Discounted Price is lower than R2.50 per Placement Share, the Board will have the right, in its sole discretion, to decide whether or not to proceed with the proposed B-BBEE Transaction; and
- 9.3.7 all Placement Shares issued as part of the B-BBEE Transaction will be subject to a lock-in period of seven years, during which period, participants in the B-BBEE Transaction shall only be allowed to sell their Placement Shares to other Black People, which have been verified by STADIO.

10. PURPOSE OF THIS PRE-LISTING STATEMENT

The purpose of this Pre-listing Statement is to:

- 10.1 provide Shareholders with relevant information relating to the STADIO Group and the terms pertaining to the Unbundling;
- 10.2 communicate the strategy and the objectives of the STADIO Group; and
- 10.3 set out the salient details of the Listing.

11. STATEMENT AS TO LISTING ON THE JSE

- 11.1 The JSE has granted STADIO a listing of all its issued Shares on the main board of the JSE under the abbreviated name “STADIO”, share code “SDO” and ISIN ZAE000248662 with effect from the commencement of trade on Tuesday, 3 October 2017. STADIO will be listed in the “Specialised Consumer Services” sector of the main board.
- 11.2 Shareholders are advised that their Shares may only be traded on the JSE in Dematerialised form. Accordingly, Shareholders who receive Shares in certificated form in terms of the Unbundling, will need to Dematerialise their Shares into an account held at a suitable service provider, in order to trade their Shares on the JSE. This can be either one of the CSDPs that offers a trading service or a JSE-registered Broker. The process takes a few days, depending on the volumes of certificates to be authenticated. While such Shares are undergoing Dematerialisation, the Shareholder will be unable to trade them.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 13 of this Pre-listing Statement apply to these salient features.

2017

Unbundling declaration and finalisation announcement published by Curro on SENS on	Friday, 15 September
Abridged Pre-listing Statement published on SENS on	Friday, 15 September
Unbundling declaration and finalisation announcement published by Curro in the press on	Monday, 18 September
Abridged Pre-listing Statement published in the press on	Monday, 18 September
Last day to trade for Curro Shareholders to be entitled to participate in the Unbundling	Monday, 2 October
Listing of STADIO Shares under the abbreviated name “STADIO”, share code “SDO” and ISIN ZAE000248662, on the main board at commencement of trade on	Tuesday, 3 October
Record date for the Unbundling on	Thursday, 5 October
Accounts at CSDP or Broker updated in respect of Dematerialised Shareholders on	Friday, 6 October
Share certificates posted to Certificated Shareholders by registered post on or about	Friday, 6 October

Notes:

1. The above dates are subject to change. Any such change will be announced on SENS.
2. All references to dates and times are to local dates and times in South Africa.
3. Share certificates may not be dematerialised or re-materialised between Tuesday, 3 October 2017 and Thursday, 5 October 2017, both dates included.

DEFINITIONS AND INTERPRETATION

In this Pre-listing Statement, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the corresponding meanings stated opposite them in the second column and words in the singular shall include the plural and *vice versa*, words importing natural persons shall include corporations and associations of persons and any reference to one gender shall include the other gender:

“AFDA”	the South African School of Motion Picture Medium and Live Performance Proprietary Limited (registration number 1999/024588/07), a private company incorporated under the laws of South Africa, 100% of the issued share capital of which is held by STADIO Investment Holdings;
“AFDA Acquisition”	the acquisition by STADIO of 100% of the issued share capital of AFDA and Intraframe;
“AFDA Acquisition Agreement”	the sale of shares agreement entered into between STADIO, Curro, AFDA, Intraframe and the AFDA Vendors on or about 1 June 2017, setting out the terms of the AFDA Acquisition;
“AFDA Botswana”	AFDA Botswana (Proprietary) Limited (registration number CO20137988), a private company incorporated under the laws of Botswana, 50% of the issued share capital of which is held by AFDA;
“AFDA Vendors”	Bata Judah Passchier and Garth Holmes, further details of whom are set out in Annexure 23 of this Pre-listing Statement, who will collectively hold 8.3% of the issued Shares in STADIO as at the Listing Date;
“B-BBEE”	broad-based black economic empowerment;
“B-BBEE Act”	the Broad-Based Black Economic Empowerment Act, No. 53 of 2003, as amended;
“B-BBEE Codes”	the generic Codes of Good Practice in respect of broad-based black economic empowerment as published by the Minister of Trade and Industry on or about 11 October 2013 in terms of section 9(1) of the B-BBEE Act, as amended;
“B-BBEE Transaction”	the private placement of Shares by STADIO to Black People and Brimstone, to raise R200 million, the details of which are contained in paragraph 11 of this Pre-Listing Statement;
“Black People”	black people as defined in the B-BBEE Act and the Codes;
“Black Employees”	employees of the STADIO Group which are Black People;
“Board” or “Directors”	the board of directors of STADIO, further details of whom appear in paragraph 10.1 of this Pre-listing Statement;
“Brimstone”	Brimstone Investment Corporation Limited (registration number 1995/010442/06), a black owned and controlled public company incorporated under the laws of South Africa, the issued shares of which are listed on the main board of the JSE;
“Broker”	any person registered as a “broking member (equities)” in accordance with the provisions of the Financial Markets Act;
“Business Day”	any day other than a Saturday, Sunday or public holiday in South Africa;
“CA Connect”	CA Connect Professional Training Institution CPT Proprietary Limited (registration number 2006/035512/07), a private company incorporated under the laws of South Africa;
“CA Connect Acquisition”	the acquisition by Embury of the business, intellectual property and employees of CA Connect, with effect from 1 January 2018, in terms of an agreement entered into between, <i>inter alia</i> , STADIO, STADIO Investment Holdings and CA Connect;
“Certificated Shareholders”	Shareholders who own Certificated Shares;
“Certificated Shares”	Shares which have not been Dematerialised, title to which is represented by a share certificate or other Document of Title;
“cent(s)”	South African cent(s);
“CHE”	the South African Council on Higher Education, established in terms of the Higher Education Act, No. 101 of 1997;
“CIPC”	the Companies and Intellectual Property Commission, established by section 185 of the Companies Act;
“Common Monetary Area”	the Republics of South Africa and Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	the Companies Act, No. 71 of 2008, as amended;

“CSDP”	a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act, with whom a Shareholder holds a Dematerialised share account;
“Curro”	Curro Holdings Limited (registration number 1998/025801/06), a public company incorporated under the laws of South Africa, 55.6% of the issued share capital of which is held by PSG Financial Services and which, in turn, holds 91.7% of the issued Shares in STADIO as at the date of this Pre-listing Statement;
“Curro Shares”	ordinary no par value shares in the share capital of Curro, all of which are listed on the JSE;
“Curro Shareholders”	registered holders of Curro Shares;
“Custody Agreement”	the agreement which regulates the relationship between the CSDP or Broker and each beneficial holder of Dematerialised Shares;
“Dematerialise” or “Dematerialised” or “Dematerialisation”	the process by which Certificated Shares are converted into an electronic format as Dematerialised Shares and recorded in STADIO’s uncertificated securities register administered by a CSDP;
“Dematerialised Shares”	Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
“Dematerialised Shareholders”	Shareholders who hold Dematerialised Shares;
“DHET”	the South African Department of Higher Education and Training;
“Documents of Title”	share certificates, certified transfer deeds, balance receipts or any other documents of title to Certificated Shares acceptable to STADIO;
“Ekosto”	Ekosto 1067 Proprietary Limited (registration number 2002/009594/07), a private company incorporated under the laws of South Africa, 100% of the issued share capital of which is held by Intraframe;
“Embury”	Embury Institute for Higher Education Proprietary Limited (registration number 2004/031722/07), a private company incorporated under the laws of South Africa, 100% of the issued share capital of which is held by STADIO Investment Holdings;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended from time to time, issued in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended;
“Financial Markets Act”	the Financial Markets Act, No. 19 of 2012, as amended;
“IFRS”	the International Financial Reporting Standards as issued from time to time by the International Accounting Standards Board or its successor body as adopted or applied in South Africa;
“Income Tax Act”	the South African Income Tax Act, No. 58 of 1962, as amended;
“Independent Reporting Accountant”	PricewaterhouseCoopers Incorporated (registration number 1998/012055/21), the particulars of which appear in the “ <i>Corporate Information</i> ” section of this Pre-listing Statement, in respect of the Embury 2016 historical financial information, the <i>pro forma</i> financial information of STADIO and the forecast financial information of STADIO; Middel & Partners CA(SA), the particulars of which appear in the “ <i>Corporate Information</i> ” section of this Pre-listing Statement, in respect of the AFDA and Intraframe historical financial information; and Grant Thornton CA(SA), the particulars of which appear in the “ <i>Corporate Information</i> ” section of this Pre-listing Statement, in respect of the Embury 2014 and 2015 historical financial information;
“Independent Sponsor”	Questco Proprietary Limited (registration number 2002/005616/07), a public company incorporated under the laws of South Africa, the particulars of which appear in the “ <i>Corporate Information</i> ” section of this Pre-listing Statement;
“Intraframe”	Intraframe Proprietary Limited (registration number 2002/017794/07), a private company incorporated under the laws of South Africa, 100% of the issued share capital of which is held by STADIO Corporate Services;
“JSE”	the exchange, licensed in terms of section 9 of the Financial Markets Act and operated by the JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of South Africa;
“JSE Listings Requirements”	the Listings Requirements of the JSE in force as at the Last Practicable Date;
“King Code”	the Code of Corporate Practices and Conduct, as set out in the King IV Report on Corporate Governance for South Africa;
“Last Practicable Date”	the Last Practicable Date prior to the finalisation of this Pre-listing Statement, which date was Monday, 11 September 2017;

“Listing”	the proposed Listing by way of introduction of the entire issued ordinary share capital of STADIO on the main board of the JSE, which Listing is anticipated to commence with the commencement of trade on the Listing Date;
“Listing Date”	the proposed date of the Listing, which is expected to be on Tuesday, 3 October 2017;
“Major Subsidiary”	a major subsidiary of STADIO, as defined in the JSE Listings Requirements, meaning a subsidiary that represents 25% or more of the total assets or revenue of the consolidated STADIO Group, it being noted that STADIO Investment Holdings, Embury and AFDA are the only Major Subsidiaries of STADIO as at the date of this Pre-listing Statement;
“Material Acquisitions”	collectively, the AFDA Acquisition and the SBS Acquisition, details of which are set out in Annexure 22 ;
“Material Acquisition Agreements”	collectively, the AFDA Acquisition Agreement and the SBS Acquisition Agreements, setting out the terms of the Material Acquisitions, copies of which are available for inspection, as indicated in paragraph 29 of this Pre-listing Statement;
“MOI”	the memorandum of incorporation of STADIO, as approved by Shareholders on 14 July 2017 and registered by the CIPC, a copy of which is available for inspection as indicated in paragraph 26 of this Pre-listing Statement;
“NAV”	net asset value;
“Non-resident”	a person whose registered address is outside the Common Monetary Area;
“Placement Shares”	Shares to the value of R200 million, which will be placed with Black People and Brimstone in terms of the B-BBEE Transaction;
“PGDA”	a post graduate diploma in accounting;
“Pre-listing Statement”	this pre-listing statement dated Friday, 15 September 2017 including all annexures hereto;
“Prime Rate”	the publicly quoted basic rate of interest, compounded monthly in arrears and calculated on a 365 (three hundred and sixty-five) day year irrespective of whether or not the year is a leap year, from time to time published by The Standard Bank of South Africa Limited as being its prime overdraft rate, as certified by any representative of that bank whose appointment and designation it will not be necessary to prove;
“PSG Capital” or “Transaction Advisor and Sponsor”	PSG Capital Proprietary Limited (registration number 2006/015817/07), a private company incorporated under the laws of South Africa, the particulars of which appear in the “ <i>Corporate Information</i> ” section of this Pre-listing Statement;
“PSG Financial Services”	PSG Financial Services Limited (registration number 1919/000478/06), a public company incorporated under the laws of South Africa, 100% of the issued ordinary share capital of which is held by PSG Group;
“PSG Group”	PSG Group Limited (registration number 1970/008484/06), a public company incorporated under the laws of South Africa, the shares of which are listed on the JSE;
“Rand” or “R”	South African Rand, the official currency of South Africa;
“Register”	the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs;
“Rights Offer”	the renounceable rights offer that STADIO will make to Shareholders following the Listing Date in order to raise approximately R640 million, the terms of which will be set out in the Rights Offer Circular;
“Rights Offer Circular”	the circular that will be posted to Shareholders setting out the terms of the Rights Offer;
“SAICA”	the South African Institute of Chartered Accountants;
“SBS Acquisition”	the subscription by STADIO Investment Holdings for ordinary shares in the share capital of the Southern Business School, which shares will comprise 74% of the total issued share capital of the Southern Business School;
“SBS Acquisition Agreements”	the suite of agreements entered into between, <i>inter alia</i> , STADIO, Curro, STADIO Investment Holdings, the Southern Business School, the Southern Business School of Namibia and the SBS Vendor on or about 21 June 2017, setting out the terms of the SBS Acquisition, including the terms of the internal group restructuring which the Southern Business School, its Subsidiaries and the SBS Vendor were required to implement as part thereof;
“SBS Vendor”	Christian Phillipus David Vorster, being the sole shareholder of the Southern Business School prior to the implementation of the SBS Acquisition, details of whom are set out in Annexure 23 ;
“SENS”	the Securities Exchange News Service of the JSE;
“Shareholders”	registered holders of Shares;

“Shares”	ordinary no par value shares in the share capital of STADIO, which are to be listed on the JSE pursuant to the Listing;
“South Africa”	the Republic of South Africa;
“Southern Business School”	Southern Business School Proprietary Limited (registration number 2002/018614/07), a private company, duly incorporated under the laws of South Africa, 74% of the issued share capital of which will be held by STADIO Investment Holdings following the implementation of the SBS Acquisition;
“Southern Business School of Namibia”	Southern Business School of Namibia Proprietary Limited (registration number 2017/0727), a private company, duly incorporated under the laws of Namibia, 51% of the issued share capital of which is held by the Southern Business School;
“STADIO”	STADIO Holdings Limited (registration number 2016/371398/06), a private company incorporated under the laws of South Africa, 91.7% of the issued share capital of which is held by Curro as at the date of this Pre-listing Statement;
“STADIO Corporate Services”	STADIO Corporate Services Proprietary Limited (registration number 2017/219978/07), a private company incorporated under the laws of South Africa, 100% of the issued share capital of which is held by STADIO Investment Holdings;
“STADIO Group”	collectively, STADIO and its Subsidiaries, the structure of which group, immediately after the implementation of the SBS Acquisition is implemented, is detailed in Annexure 20 ;
“STADIO Group Company”	STADIO and/or any of its Subsidiaries;
“STADIO Investment Holdings”	STADIO Investment Holdings Proprietary Limited (registration number 2016/371414/07), a private company incorporated under the laws of South Africa, 100% of the issued share capital of which is held by STADIO;
“STADIO SIT”	the STADIO Holdings Group Share Incentive Trust, a trust created under the STADIO SIT Deed, which is to be registered with the Master of the High Court before the Listing;
“STADIO SIT Deed”	the trust deed for the STADIO SIT, a copy of which is available for inspection, as indicated in paragraph 29 of this Pre-listing Statement;
“Strate”	Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated under the laws of South Africa, a central securities depository licensed in terms of the Financial Markets Act and responsible for the electronic clearing and settlement system provided to the JSE;
“Subsidiary”	a “subsidiary” as defined in the Companies Act, but also includes an entity incorporated outside South Africa which would, if incorporated in South Africa, be a “subsidiary” as defined in the Companies Act;
“Transfer Secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated under the laws of South Africa, the particulars of which appear in the “ <i>Corporate Information</i> ” section of this Pre-listing Statement;
“Unbundling”	the proposed distribution by Curro of all of the Shares held by it, comprising 91.7% of the issued share capital of STADIO, to Curro Shareholders by way of a dividend <i>in specie</i> , in a ratio of one STADIO Share for every one Curro Share held on the Unbundling Record Date, in terms of section 46(1)(a)(ii) of the Companies Act and section 46 of the Income Tax Act;
“Unbundling Implementation Date”	the date on which the Unbundling will be implemented, being Friday, 6 October 2017;
“Unbundling Record Date”	the last date on which a Curro Shareholder must be recorded in the Curro register in order to participate in the Unbundling; and
“VWAP”	volume weighted average price.

STADIO

— HOLDINGS —

STADIO HOLDINGS LIMITED

(Previously Embury Holdings Proprietary Limited)

(incorporated in the Republic of South Africa)

Registration number: 2016/371398/06

JSE share code: SDO

ISIN ZAE000248662

("STADIO")

Directors

CR van der Merwe (Chief executive officer)

S Totaram (Chief financial officer)

D Singh (Chief academic officer)

RH Stumpf ** (Chairperson)

R Kisten **

KS Sithole **

PN de Waal *

A Mellet (alternate Director to PN de Waal) *

* *non-executive*

independent

PRE-LISTING STATEMENT

SECTION ONE – INFORMATION ON THE STADIO GROUP

1. INTRODUCTION

- 1.1 Curro is currently the largest for-profit independent school group in Africa, providing education services to approximately 47 000 learners in 127 schools across South Africa and Namibia. Curro has been a proud provider of pre-school and school-based education since 1998 and was listed on the JSE in 2011.
- 1.2 In 2013, Curro acquired Embury, a registered private higher education institution, which offers accredited undergraduate teacher-education qualifications. The acquisition of Embury was Curro's first investment in the post-school education environment.
- 1.3 In light of the opportunities presented in the post-school education market, it was a natural progression for Curro to develop and further expand its higher education offering. The Latin word "Curro", can be translated into English as "I run" and the Italian word "Stadio", can be translated into English as "stadium". In ancient Rome, long-distance races required athletes to run from stadium to stadium to reach the finish line. The progression from Curro to STADIO, symbolises the fact that STADIO is the way in which the race for education will be continued. It also epitomises the ethos of "continuing" (lifelong) learning.
- 1.4 On 28 February 2017, Curro announced its intention to unbundle its entire interest in STADIO and to list STADIO on the JSE.
- 1.5 Pursuant to STADIO's growth strategy, it was announced on 8 June 2017, that STADIO would acquire a 100% equity interest in AFDA (and Intraframe) and on 22 June 2017, it was further announced that STADIO would acquire a 74% equity interest in the Southern Business School.

2. INDUSTRY BACKGROUND

- 2.1 *"Education is the civil rights struggle of our generation requiring the biggest expansion of educational opportunity in modern history".¹⁷*
- 2.2 Education is indisputably fundamental for the development of the necessary skills and intellectual capital that will ultimately promote economic growth and development. Access to education plays a pivotal role in promoting equality, democracy and ultimately, social justice.
- 2.3 Whilst the early childhood development and basic education sectors are vitally important to laying the educational foundation for individuals, it is acknowledged that students who further their post-school education, obtain a wide range of financial, personal and other lifelong benefits. Similarly, taxpayers and society as a whole derives a multitude of direct and indirect benefits when citizens have access to post-school education.
- 2.4 An expanding post-school education system has become a norm of modernisation and the demand for post-school education continues to grow.

¹⁷ UN Special Envoy for Global Education Gordon Brown, UN Education Commission.

- 2.5 Globally, the number of students enrolled specifically at higher education institutions more than doubled between 2000 to 2015, from 99.7 million students to 213.7 million students.¹⁸
- 2.6 This growth has arisen mainly from:
- 2.6.1 a growing population (including a growing middle-class population);
 - 2.6.2 an increase in the number of school leavers qualifying to participate in post-school education; and
 - 2.6.3 an increase in the actual Gross Tertiary Enrolment Rate (“**GTER**”) of students typically attending higher education institutions (GTER defined as total student enrolments divided by the school leaver age-cohort in the national population i.e. the population typically between the ages of 18 and 24 years). The global average of the GTER was 32.9% increasing to 34% in 2014 and is expected to reach about 50% by 2034. GTER rates are on average 76.6% in Northern and Western Europe, 43.9% in Latin America and the Caribbean and 8.2% in Sub-Saharan Africa.¹⁹
- 2.7 In South Africa, the higher education market is made up of 26 public higher education institutions (with an aggregate of 985 212 students in 2015) and 124 private higher education institutions (with an aggregate of 147 210 students in 2015), which collectively had a total of 1 132 422 students in 2015.²⁰
- 2.8 As with global trends, the demand for higher education in South Africa has increased, with the number of total students enrolled in higher education institutions more than doubling from approximately 557 000 students in 2000²¹ to 1 132 422 students in 2015.²²
- 2.9 Over the same period the number of first-time students enrolled at public higher education institutions increased by 75%, from 98 095 in 2000²³ to 171 930 in 2015²⁴, with the bulk of the growth arising from UNISA (a dedicated distance learning institution) and North West University (with its newly introduced distance learning focus).
- 2.10 Private higher education institutions only account for 13% of the total higher education market in South Africa, with 147 210 enrolled students in 2015, up from 90 767 enrolled students in 2009. In Brazil and Chile, for example, total enrolments in private higher education are closer to 71% in 2012 and 84% in 2013, respectively. For Organization for Economic Cooperation and Development (OECD) countries, the corresponding figure was approximately 31% in 2013.
- 2.11 It is an indisputable fact that the demand for private higher education in South Africa continues to increase, as is evident from the following facts:
- 2.11.1 the number of school leavers qualifying for post-school education has increased by 25% from approximately 334 718 students in 2009 to 442 672 students in 2016;²⁵
 - 2.11.2 even with the introduction of two new public higher education universities in the Northern Cape and Mpumalanga in 2014, at least 60% of school leavers per annum who qualify for further study cannot be accommodated by the public higher education sector. With the increasing numbers of successful school leavers, the impact of this shortfall is compounded every year; and
 - 2.11.3 in 2015, the GTER for South African universities was approximately 19% up from 14% in 2000. The National Development Plan (NDP) has set a target to increase higher education participation to 1.6 million students in 2030 however, to meet the global average GTER, STADIO estimates that the number of participants should increase to 2 million students.
- 2.12 The future growth of student enrolments in South African public universities is however constrained by the limited infrastructure and other resource capacity issues. It is estimated that the expected current maximum capacity of first-year enrolments at public higher education institutions is approximately 180 000 students.
- 2.13 Adding a further constraint to cater for the increased demand is the enrolment cap based on the limited available budget from the national fiscus that is applied to public higher education institutions by the DHET. This cap dictates the maximum new students that may be admitted annually that will be subsidised by the state.
- 2.14 Over and above the capacity (i.e. infrastructure and financial) shortages, public higher education institutions face the following further material challenges:
- 2.14.1 **High drop-out rates, low graduation rates and the long time to graduate**
 Since 1994, the increase in the number of students accessing higher education has been significant, particularly amongst previously marginalised groups. However, the success rates of these higher student numbers have not been proportionately evident. Instead, the higher access rates are accompanied by equally higher attrition rates (mainly as a consequence of low output and throughput rates).²⁶ In 2013, the CHE reported that as many as 55% of students never graduated.²⁷ In 2015, the statistics from DHET indicated that average graduation rates at public higher education institutions ranged between 13% and 43% (with an overall 3.3% increase from 2014).²⁸

¹⁸ UNESCO (2015).

¹⁹ Simon Marginson 2016 & 2017.

²⁰ DHET. March 2017. *Statistics on Post-School Education and Training SA 2015*.

²¹ DHET. 2016. *2000-2008 First Time Entering Undergraduate Cohort Studies for Public Higher Education Institutions*.

²² DHET. March 2017. *Statistics on Post-School Education and Training SA 2015*.

²³ Ian Bunting, Charles Sheppard, Nico Cloete, and Lisa Belding. *Performance Indicators in South African Higher Education*.

²⁴ DHET. March 2017. *Statistics on Post-School Education and Training SA 2015*.

²⁵ Department of Basic Education, *National Senior Certificate – Examination Report 2016*.

²⁶ Sadhana Manik. 2015. *Calibrating the Barometer: Student Access and Success in South African Public Higher Education Institutions. Alternation Special Edition*.

²⁷ Saleem Badat. 2014 *CHE Report to Parliament*.

²⁸ DHET. March 2017. *Statistics on Post-School Education and Training SA 2015*.

2.14.2 **Limited articulation possibilities**

Given the constraining impact of the enrolment cap on public higher education institutions, students who drop out and/or are academically cancelled have limited opportunities to further their studies within the public sector due to a lack of nationally applicable articulation arrangements allowing them to continue their studies at other institutions in the post school sector.

2.14.3 **Increase in operational costs of public higher education institutions**

The operating expenses of public higher education institutions increase annually, which means that further pressure will be placed on the government to increase funding to these institutions. If the state cannot increase its funding, these institutions will have to look to other sources of income to sustain themselves, including student fees.

- 2.15 Noting the challenges confronting public higher education and training, and the acknowledgement of the critical importance of higher education in growth and development²⁹, the private sector is an ideal partner to support and assist the state to address and mitigate its risks vis-à-vis post-school education and training. This view is supported by the DHET, which has recognised the critical role of private institutions in expanding opportunities specifically for higher education and training in South Africa. By 2030, the DHET would like to see 1 million students in private higher education, as an element of national growth and development.³⁰

3. **BUSINESS RATIONALE OF STADIO**

- 3.1 The current unemployment rate in South Africa remains critically high at 27.7%.
- 3.2 Education and training remains vitally important to reduce unemployment and promote economic growth.
- 3.3 Research further indicates that in South Africa, the graduate unemployment rate is at about 5%³¹, implying that a degree or post school qualification dramatically increases the probability of securing a job and therefore economic security and stability.
- 3.4 As such, the Board believes that STADIO, through its Subsidiaries, can play a meaningful role by:
- 3.4.1 **Widening access to higher education, by:**
- 3.4.1.1 investing capital to create capacity to accommodate the increasing demand for higher education (i.e. with competing socio-economic demands, the government does not have the financial and operational resources to address this demand);
 - 3.4.1.2 providing seamless access and articulation pathways through a compendium of qualifications that will allow for progression from higher certificate to degree qualifications;
 - 3.4.1.3 ensuring a sufficiently diverse programme and qualification mix that caters to both school-leavers, working adults and the post-graduate student, within the framework of lifelong learning; and
 - 3.4.1.4 enhancing the use of distance learning which is both more affordable and will increase the breadth of access;
- 3.4.2 **Offering innovative curricula and programmes that are relevant and relate to the world of work and the needs of society i.e. programmes that will provide students with a real chance of finding or creating employment post-qualification but which will equally ensure that STADIO graduates have a fundamental understanding of responsible citizenship and global awareness; and**
- 3.4.3 **Focussing on graduate success and throughput (i.e. access with success), as follows:**
- 3.4.3.1 STADIO recognises that a number of higher education students do not progress academically as a result of not achieving examination admission. STADIO believes that, having registered a student, the higher education institution must take all reasonable and responsible steps to facilitate the success of such student, including the implementation of the 'credit retry' principle as an integral element of its teaching and learning methodology. The 'credit retry' principle focuses on identifying students at risk of not achieving examination admission and providing adaptive further academic support and/or formative assessment opportunities that will improve their chances to sit for the examination, pass the examination and graduate successfully; and
 - 3.4.3.2 Private higher education institutions and STADIO particularly introduce an opportunity for students who drop out and/or are academically cancelled, to ensure that no learning is wasted. STADIO's academic ethos promotes articulation and mobility between and among its own institutions as well as the public higher education sector through the application of existing DHET policies of credit accumulation and transfer, recognition of prior learning, and recognition and equivalence of degrees.

²⁹ *Global Goals 2030, AU Agenda 2063, and the NDP 2030.*

³⁰ *Information sharing workshop on the regulatory framework for private higher education institutions, 7 September 2017.*

³¹ *CDE Insight (2013).*

- 3.5 Notwithstanding STADIO's aforementioned intentions, STADIO is also cognisant that although increasing infrastructure is one pillar in the "access" discussion, a second pillar, given that further state funding is an unlikely option, is sustainable financial support for students. STADIO is considering several models that may be implemented individually or collectively and includes academic merit and needs bursaries and scholarships (estimated at between 1% and 3% of revenue per annum). Furthermore, STADIO believes that successful businesses in both the listed and unlisted environments can use their corporate, social responsibility funds to provide bursaries for students to study programmes which will provide young adults with the skillsets relevant to the world of work. By monitoring the learning success of these students, these companies will find comfort that their money is appropriately used for the benefit of the country.
- 3.6 The intention of the Unbundling and Listing is to create a separate listed business focussing on higher education, with a strong management team and a dedicated anchor shareholder (namely PSG Group) in order to become a leader in the higher education market in South Africa.
- 3.7 To achieve its goal, STADIO intends to create a "Multiversity". A Multiversity is defined as a large, diverse institution of higher learning created to educate for life and for a profession, and to grant degrees, (including higher certificates and diplomas)³². Whereas a university implies "sameness" and the integration of all knowledge, a Multiversity implies a DIVERSITY of knowledge with diverse institutions catering for the diverse and relevant needs of the South African market place. The concept of a Multiversity further respects the uniqueness of every student.
- 3.8 As a Multiversity, STADIO will own various registered higher education institutions, which will retain their own brands, campuses and management teams, but will share a common ethos and benefit from the synergies, infrastructure and shared services arising from the STADIO Group structure.
- 3.9 STADIO is an investment holding company that focusses on the acquisition of, investment in, growth and development of higher education institutions to assist in meeting the demand for quality and relevant higher education programmes in Southern Africa. It intends to acquire and grow existing registered higher education brands, fund further expansions of existing brands and oversee the greenfield development of new campuses.
- 3.10 STADIO, through its Subsidiaries, will have diverse offerings including undergraduate and post graduate programmes (higher certificates, diplomas and degrees), geared to providing students with a real chance of creating their own employment opportunities (entrepreneurship) or finding employment post-qualification. As the investment holding company of the various education institutions, STADIO will monitor the business success and drive efficiencies, innovations and best practices across the STADIO Group.
- 3.11 The STADIO Group is committed to being relevant to the higher educational needs of the country and the broader African higher educational and development agenda, however, STADIO aims equally to be a recognised and valued participant in the international milieu of higher education. For this and other reasons, as a business STADIO will provide education through its various institutions and brands in the English language.
- 3.12 At the Listing Date, the STADIO Group will have (as set out in the table below):
- 3.12.1 3 registered higher education institutions, namely Embury, AFDA and the Southern Business School (as more fully described below) that have been operating for between 17 and 23 years;
- 3.12.2 5 faculties, namely (i) Education; (ii) Commerce and Business; (iii) IT; (iv) Law and (v) Arts;
- 3.12.3 28 accredited programmes, ranging from higher certificates and diplomas to post graduate degrees (including masters' degrees);
- 3.12.4 approximately 22 new courses/programmes in the process of development and accreditation, which will be offered by the STADIO Group from the commencement of the 2018, 2019 or 2020 academic years;
- 3.12.5 10 registered campuses/sites, including sites in Gauteng, the Western Cape, KwaZulu-Natal, Eastern Cape, Botswana (Gaborone) and Namibia (Windhoek); and
- 3.12.6 approximately 12 979 registered students.

	Student numbers 2017	Capacity at campuses	Mode of delivery	Average tuition fees 2017 (R'000)	Number of faculties	Number of accredited programmes	Number of programmes in development or accreditation	Registered sites of delivery
Embury	1 073	6 100	Contact and distance	39	1	8	17	3
AFDA	1 950	4 000	Contact	79	3	9	3	5
Southern Business School	9 956	*	Distance	12	2	11	2	2
STADIO Group	12 979					28	22	10

* Capacity is not constrained by physical infrastructure.

- 3.13 STADIO will grow its business by focussing on:
- 3.13.1 the acquisition of reputable higher education institutions, aligned with STADIO's Multiversity strategy and ethos, with the aim to accumulate a wide spread of programmes and qualifications in various fields of higher education;

³² www.vocabulary.com/multiversity

- 3.13.2 optimising the utilisation of STADIO's newly constructed facilities, namely:
 - 3.13.2.1 Musgrave (Kwa-Zulu Natal) (contact learning capacity of 2 700 students);
 - 3.13.2.2 Montana (Pretoria) (contact learning capacity of 1 700 students); and
 - 3.13.2.3 Waterfall (Midrand) (contact learning capacity of 1 700 students);
- 3.13.3 promoting the growth of existing brands (i.e. Embury, AFDA, and the Southern Business School). This will include:
 - 3.13.3.1 geographic expansion through rolling out the brands to new locations;
 - 3.13.3.2 accrediting further undergraduate and post-graduate degrees, diplomas and higher certificate qualifications across various brands;
 - 3.13.3.3 investing in focused marketing across the various brands and products of the STADIO Group; and
 - 3.13.3.4 expanding distance learning offerings across the brands (key qualifications to be accredited on both distance learning and contact learning modes of delivery); and
- 3.13.4 expanding into greenfield opportunities by exploring its offering into new faculties, such as Engineering as well as Health and Sciences, in due course.
- 3.14 STADIO was converted from a private company to a public company on 14 July 2017, in anticipation of the Listing.
- 3.15 The purpose of this Pre-listing Statement is to:
 - 3.15.1 provide Curro Shareholders with the relevant information relating to the STADIO Group and the terms pertaining to the Unbundling;
 - 3.15.2 communicate the strategy and the objectives of the STADIO Group; and
 - 3.15.3 set out the salient details of the Listing.

4. DETAILS OF THE UNBUNDLING AND THE LISTING

4.1 Rationale for the Unbundling and Listing

- 4.1.1 In light of the significant opportunities in the post-school education market and the capital required to pursue these opportunities, the board of Curro undertook to separate the "schools" and higher education businesses, to ensure that each business has its own dedicated management team, with a dedicated focus to effectively pursue their growth strategies in separate distinct markets that both offer attractive room for growth.
- 4.1.2 Thus, the ultimate rationale for the Unbundling and the Listing is to:
- 4.1.3 provide STADIO with access to the equity and debt capital markets in order to facilitate growth;
- 4.1.4 enable STADIO to raise funds from its Shareholders for the planned expansion (acquisitive and organic) of STADIO by way of a rights offer in a listed environment;
- 4.1.5 enhance STADIO's deal making ability, as listed shares can be more readily utilised for the purposes of acquisitions;
- 4.1.6 provide additional credibility for STADIO to its clients and debt funders; and
- 4.1.7 provide Shareholders with a liquid, tradable security within a regulated environment, with a market determined share price and an exit mechanism for those Shareholders who wish to exit.

4.2 Details of the Unbundling

In terms of the Unbundling, Curro will distribute 410 561 153 Shares, comprising 91.7% of the issued share capital of STADIO (the remaining 8.3% of the issued share capital of STADIO is held by the AFDA Vendors), to Curro Shareholders in the ratio of one STADIO Share for every Curro Share held on the Unbundling Record Date.

4.3 Details of the Listing

- 4.3.1 The JSE has granted STADIO a listing of all its issued Shares on the main board of the JSE under the abbreviated name "STADIO", share code "SDO" and ISIN ZAE000248662 with effect from the commencement of trade on Tuesday, 3 October 2017. STADIO will be listed in the "Specialised Consumer Services" sector.
- 4.3.2 STADIO will, on Listing, comply with the JSE's listing criteria, in that:
 - 4.3.2.1 the subscribed capital of STADIO, including reserves will exceed R50 million;
 - 4.3.2.2 STADIO will have more than 25 million Shares in issue;
 - 4.3.2.3 the Major Subsidiaries have audited financial statements for the preceding three financial years, the last of which reported an aggregate audited profit before tax of R48.9 million for the STADIO Group; and
 - 4.3.2.4 more than 20% of the issued ordinary share capital of STADIO will be held by the public.
- 4.3.3 As at the date of this Pre-listing Statement, no securities of STADIO are listed on the JSE or on any other stock exchange.

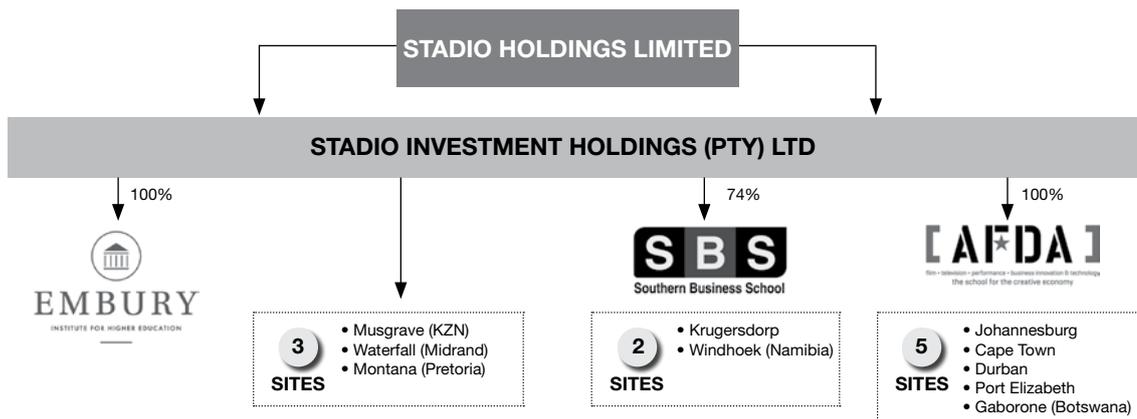
5. CAPITAL RAISING

- 5.1 STADIO will, following the Listing and concurrently with the B-BBEE Transaction, raise capital from its Shareholders by way of the Rights Offer. STADIO intends raising approximately R640 million through the aforementioned Rights Offer and up to R200 million through the B-BBEE Transaction (details of which are set out in paragraph 11 of this Pre-listing Statement), resulting in a total capital raising of up to R840 million. The details of the Rights Offer will be disclosed to Shareholders in a SENS announcement to be published on or about 3 October 2017 and in the Rights Offer Circular to be published by STADIO on or about 9 October 2017.
- 5.2 PSG Financial Services, who will hold approximately 51% of STADIO post the Unbundling, has irrevocably undertaken that it and/or PSG Alpha Investments Proprietary Limited (a Subsidiary of PSG Financial Services), will follow all of their rights in terms of the Rights Offer. PSG Financial Services has also irrevocably undertaken to underwrite the balance of the Rights Offer.
- 5.3 The capital raised in terms of the Rights Offer will be used to fund the cash settled portions of the purchase considerations payable in terms of the AFDA Acquisition and the SBS Acquisition. It will further be utilised to fund the further acquisitions which are in various stages of negotiation, the transaction costs related to the various acquisitions as well as the costs of the capital raising and the Listing.
- 5.4 The capital raised in terms of the B-BBEE Transaction will be used to fund the acquisition of land and the development of existing campuses to facilitate growth, for working capital purposes and to build up the capital resources for future opportunities.
- 5.5 Assuming all the aforementioned capital is successfully raised, post settlement of the purchase considerations payable in terms of the AFDA Acquisition and the SBS Acquisition, STADIO will have excess cash on hand of approximately R430 million, which will specifically be utilised to fund further acquisitions that are in various stages of negotiations. STADIO believes that this capital will be fully invested within the next 6 to 12 months.

6. OVERVIEW OF THE STADIO GROUP

6.1 STADIO Group Structure

The following diagram sets out the STADIO Group structure after the implementation of the SBS Acquisition, which is anticipated to be completed on or about the Listing Date (a more detailed diagram appears at **Annexure 20**):



Note

The SBS Acquisition is subject to the fulfilment of the material outstanding condition precedent that by 30 September 2017 (or such later date as agreed to between the parties to the SBS Acquisition Agreements), the SBS Acquisition has been unconditionally approved by the Namibian competition authorities, or conditionally approved on terms and conditions which are acceptable to STADIO Investment Holdings.

6.2 Businesses

The various businesses of the STADIO Group are detailed below:

6.2.1 Embury Institute for Higher Education Proprietary Limited (Embury) (100%)

- 6.2.1.1 Embury is a South African registered higher education institution (DHET registration number 2008/HE07/004) which currently offers 8 accredited undergraduate teacher-education qualifications through both contact and distance learning modes, to prepare teachers for working in South African schools. Embury currently has approximately 1 100 students registered for contact and distance learning qualifications at its Morningside campus in Durban (KwaZulu-Natal). Currently the Morningside campus is at capacity which has limited Embury's growth potential in KwaZulu-Natal to date. During 2017, Embury (through STADIO) acquired and developed the Musgrave campus in order to meet the increased demand. The Musgrave campus will be able to accommodate a maximum capacity of 2 700 students. The current Embury Morningside campus will thus relocate to the newly constructed Musgrave campus at the beginning of 2018 and strongly position Embury for its next phase of growth in KwaZulu-Natal.

- 6.2.1.2 Embury is in the process of expanding its national footprint and academic programme offerings. The STADIO board believes that there exists a large opportunity for teacher-education qualifications in Gauteng. As such in January 2018, Embury will open two new campuses in Gauteng, one in Waterfall Estate (Midrand) and the other in Montana (Pretoria). It is estimated that these new campuses will take between 3 and 4 years (i.e. between 2020 and 2021) to breakeven, as the Embury brand gains traction in Gauteng, and thereafter both campuses are expected to contribute meaningfully to the profits of the STADIO Group.
- 6.2.1.3 Embury is also currently in the process of developing 17 new contact and distance learning qualifications for its teacher education and economic and management sciences faculties. Embury has developed and submitted a number of economic and management sciences qualifications, including its own PGDA, to the CHE for accreditation. Embury is also in the process of obtaining SAICA accreditation for this PGDA programme.
- 6.2.1.4 Furthermore, Embury has entered into an agreement to acquire the business, intellectual property and employees of CA Connect, with effect from 1 January 2018. CA Connect is a private education business which currently collaborates with a higher education institution in offering a one-year PGDA, which allows students to write the “Initial Test of Competence”, being the first of SAICA’s professional exams for students on the path to becoming registered Chartered Accountants. The CA Connect team will join and assist in developing Embury’s new economic and management sciences faculty from 1 January 2018.
- 6.2.2 **The South African School of Motion Picture Medium and Live Performance Proprietary Limited (AFDA) (100%)**
- 6.2.2.1 AFDA is a South African registered higher education institution, (DHET registration no. 2001/HEO7/012) and offers 9 fully accredited degree and certificate programmes ranging from higher certificates to masters’ degrees, primarily focused on the film, television and live performance industry.
- 6.2.2.2 AFDA was founded in 1994 by Garth Holmes, Bata Passchier and Deon Opperman. Since then it has grown from 6 students, to a premier institution of its kind in the world, with approximately 1 950 students on campuses in Johannesburg, Cape Town, Durban and Port Elizabeth. AFDA has grown its student numbers consistently from approximately 1 570 students in 2015 to approximately 1 775 students in 2016 and to approximately 1 950 students currently enrolled at its 4 South African campuses. These current campuses can accommodate an approximate student capacity of 4 000 students. AFDA will further look to expand its offerings in locations such as Pretoria and Soweto over time.
- 6.2.2.3 As a further part of its strategy to expand its brand offering, and prepare graduates for the demands of a digital economy, AFDA launched its business innovation and technology degree offering, to address the exciting exponential development of the creative economy.
- 6.2.2.4 It is the intention of AFDA to broaden the scope of its offering in the connected creative ecology, by increasing its choice of disciplines, including interior, graphic and fashion design, advertising, virtual reality, 3D printing, music, sound and application (“APP”) development to produce innovative and profitable business concepts, popular culture, media and entertainment, for both local and global markets.
- 6.2.3 **Southern Business School Proprietary Limited (Southern Business School) (74%)**
- 6.2.3.1 The Southern Business School is a South African registered higher education institution (DHET registration number: 2002/HEO7/015), with its Subsidiary, the Southern Business School Namibia, being recognised by the Namibian Qualification Authority. The Southern Business School has 11 accredited distance learning programmes (ranging from higher certificates to masters’ degrees) with 3 academic schools, namely the School of Business and Economics, the School of Safety in Society and the School of Law, which offer dedicated formal programmes as well as short courses.
- 6.2.3.2 Founded by Chris Vorster in 1996, the Southern Business School, which originally opened its doors with 38 students in 1996, offers accredited programmes through distance learning. The business has reflected stellar growth in student numbers from approximately 6 905 students in 2015, to approximately 8 533 students in 2016 and to approximately 9 956 students in 2017, enrolled in South Africa and Namibia.
- 6.2.3.3 As a contributor to growth, in 2016, the Southern Business School launched a Bachelor of Commerce (in Law) degree as part of its strategy to expand its range of programmes offered.
- 6.2.3.4 The Southern Business School will continue to seek out growth opportunities (in South Africa and Namibia) by introducing new programmes as well as increasing its presence, through effective marketing, and extending its reach geographically. Being a distance-learning provider, the Southern Business School will not require the physical building infrastructure required, for example, by the Embury or AFDA businesses. This business is thus able to scale its operations and widen access with investment in appropriate information technology improvements over time.

6.3 Major Subsidiaries

As at the date of this Pre-listing Statement, STADIO Investment Holdings, Embury and AFDA are the only Major Subsidiaries (as defined in the JSE Listings Requirements) of STADIO. Details of all the Subsidiaries of STADIO, including the Major Subsidiaries, are set out in **Annexure 21**.

7. KEY STRENGTHS AND COMPETITIVE ADVANTAGES

- 7.1 The Board believes that the STADIO Group's strengths and competitive advantages include the following:
- 7.1.1 a qualified and highly-skilled leadership team with expertise in education, academics, finance and business;
 - 7.1.2 quality, well established niche-market brands that are acknowledged leaders in their respective fields of offering;
 - 7.1.3 a teaching and learning ideology focussed on graduate success, entrepreneurship and employability. STADIO recognises that a number of higher education students do not progress academically, as a result of not achieving examination admission. STADIO believes that, having registered a student, the higher education institution must take all reasonable and responsible steps to facilitate the success of such student, including the implementation of the 'credit retry' principle as an integral element of its teaching and learning methodology. The "credit retry" principle focuses on identifying students at risk of not achieving examination admission, and providing adaptive further academic support and/or formative assessment opportunities that will improve their chances to sit the exam, pass the exam and graduate successfully;
 - 7.1.4 access to capital and strong financial backing; and
 - 7.1.5 economies of scale.
- 7.2 In comparison to the basic education environment, the higher education environment, the post-school education environment requires lower fixed capital expenditure, with less emphasis on physical infrastructure and fewer buildings required and the potential to leverage off distance learning opportunities to effectively bridge the geographical divide and widen access to a greater number of students.

8. PROSPECTS

- 8.1 STADIO's objective is to facilitate, through its Subsidiaries, access to quality higher education, giving its students realistic opportunities of finding or creating future employment.
- 8.2 Through implementing its growth strategy, the details of which are set out in paragraph 3.13 of this Pre-listing Statement, the STADIO Group's objective is to increase its student enrolments (across both the contact and distance learning modes of delivery) initially to 35 000 students in the medium term and then to approximately 56 000 students by 2026, earning a profit after taxation of approximately R500 million. STADIO believes that the aforementioned target can be achieved through deploying: (i) the capital of up to R840 million raised from the Rights Offer and the B-BBEE Transaction; (ii) internally generated cash; and (iii) debt funding.

PLEASE NOTE THAT THE AFOREGOING STATEMENT OF STADIO'S OBJECTIVE HAS NOT BEEN REVIEWED OR REPORTED ON BY STADIO'S AUDITORS OR BY AN INDEPENDENT REPORTING ACCOUNTANT NOR IS SAME GUARANTEED. IT IS HOWEVER AN OBJECTIVE THAT STADIO WISHES TO ACHIEVE BY 2026.

- 8.3 Over time however, STADIO's vision is to increase its reach to 100 000 students and more.
- 8.4 Given the opportunities in the sector and the demand for quality higher education, the Board is of the opinion that STADIO's prospects are very favourable.
- 8.5 Set out below is an extract of the forecast financial information of STADIO for the financial years ended 31 December 2017, 2018 and 2019. The forecast does not take into account the revenues or profits from future potential acquisitions for which capital will be raised, as set out in paragraph 5 of this Pre-listing Statement.
- 8.6 The forecast financial information of STADIO, as presented in **Annexure 13**, is the responsibility of the Directors. The forecast financial information is presented in a manner consistent with the basis on which the historical financial information of STADIO has been prepared and in terms of STADIO's accounting policies. The Independent Reporting Accountant's report on the forecast financial information appears at **Annexure 14** to this Pre-listing Statement.

	2017	2018	2019
Student numbers	12 979	14 339	16 577
<i>Growth (%)</i>	–	10%	16%
Revenue (R million)	142	417	536
Earnings before interest, taxes, depreciation and amortisation (EBITDA) (R million)	3	68	114
EBITDA margin (%)	2%	16%	21%
Headline earnings (R million)	(11)	41	70
Headline earnings per Share (cents)	(2.3)	5.1	8.5
<i>Growth (%)</i>	–	–	67%

9. MANAGEMENT OF STADIO

- 9.1 STADIO is governed by the Board, which is responsible for ensuring that STADIO complies with all of its statutory and regulatory obligations, as specified in the Companies Act, the MOI and, following the Listing, the JSE Listings Requirements.

- 9.2 STADIO's executive committee will meet monthly and act as a consolidated oversight committee for the STADIO Group. The executive committee will upon Listing have the following members:

Full Name	Position	Business Address
Christiaan Rudolph van der Merwe	Chief executive officer	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550
Samara Totaram	Chief financial officer	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550
Divya Singh	Chief academic officer	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550
Andrew Horsfall	Group executive: Business Services	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550
Theuns Laubscher	Invitee (Group executive: Distance Learning Manager)	Unit 13, San Domenico, 10 Church Street, Durbanville, 7551
Pieter Nicolaas de Waal	Invitee (non-executive Director and PSG Financial Services shareholder representative)	2nd Floor, Ou Kollege, 35 Church Street, Stellenbosch, 7600
Andries Mellet	Invitee (as alternate non-executive Director to PN de Waal)	2nd Floor, Ou Kollege, 35 Church Street, Stellenbosch, 7600
Bata Passchier	Invitee (as chief executive officer of AFDA)	Suite 30, Fourth Floor, Katherine and West building, 114 West Street, Sandton, 2031
Garth Holmes	Invitee (as chairperson of the board of directors of AFDA)	Suite 30, Fourth Floor, Katherine and West building, 114 West Street, Sandton, 2031
Jacobus Johannes Human	Invitee (as chief executive officer of Embury)	119 Lilian Ngoyi Road, Morningside, Durban, 4001
Christian Phillipus David Vorster	Invitee (as chief executive officer of the Southern Business School)	Plot 10, R28, Diswilmar, Krugersdorp, 1739

- 9.3 The Board has appointed a number of further committees to assist the Board in discharging its duties, with the particulars of such committees appearing in paragraph 21.4 of this Pre-listing Statement.
- 9.4 No part of the business of the STADIO Group is managed, or is proposed to be managed, by a third party under a contract or arrangement.

10. DIRECTORS

10.1 Composition of the Board

The full names, ages, business address and capacities of the Directors of STADIO are provided below:

Full name	Age	Capacity	Business Address
Christiaan Rudolph van der Merwe	55	Chief executive officer	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550
Samara Totaram	38	Chief financial officer	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550
Divya Singh	52	Chief academic officer	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550
Rolf Heinrich Stumpf	71	Independent non-executive Director	5 Clingendael Close, Tokai, Cape Town, 7945
Renganayagee Kisten	52	Independent non-executive Director	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550
Khayelihle Sibusiso Sithole	31	Independent non-executive Director	18 Gladiolus Road, Avoca Hills, Durban, 4051
Pieter Nicolaas de Waal	42	Non-executive Director	2nd Floor, Ou Kollege, 35 Church Street, Stellenbosch, 7600
Andries Mellet	33	Alternate non-executive Director to PN de Waal	2nd Floor, Ou Kollege, 35 Church Street, Stellenbosch, 7600

Notes:

- CR van der Merwe was appointed as the chief executive officer on 1 July 2017.
- S Totaram was appointed as the chief financial officer on 1 January 2017 and officially appointed to the Board on 18 April 2017
- D Singh was appointed as the chief academic officer on 1 February 2017 and officially appointed to the Board on 27 June 2017.
- RH Stumpf was appointed as a non-executive Director on 1 May 2017.
- R Kisten was appointed as a non-executive Director on 1 May 2017.
- KS Sithole was appointed as a non-executive Director on 1 May 2017.
- PN de Waal was appointed as a non-executive Director on 1 May 2017.
- PN de Waal appointed A Mellet as his alternate Director on 1 May 2017.
- All Directors are South African citizens.
- None of the Directors are partners with unlimited liability.

Profiles of the Directors, detailing their experience, appear in **Annexure 17**.

10.2 Directors of Major Subsidiaries

The full names, ages, business address and capacities of the directors of STADIO's Major Subsidiaries, appear in **Annexure 19**.

10.3 Additional information

- 10.3.1 A list of other directorships held by the Directors of STADIO and the directors of its Major Subsidiaries is set out in **Annexure 18**.
- 10.3.2 All of the Directors of STADIO and all the directors of its Major Subsidiaries are South African citizens.
- 10.3.3 None of the Directors of STADIO or the directors of the Major Subsidiaries is a partner with unlimited liability.
- 10.3.4 None of the Directors of STADIO or the directors of the Major Subsidiaries:
- 10.3.4.1 have been declared bankrupt, insolvent or have entered into any individual voluntary compromise arrangements;
 - 10.3.4.2 have been directors with an executive function of any company put under, or proposed to be put under, any business rescue plans, or that is or was the subject of an application for business rescue, any notices in terms of section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangements with creditors generally or any class of creditors, at the time of such event or within the 12 months preceding any such event save for A Mellet, who was a director of Capevin Investments Limited when it underwent a solvent voluntary liquidation;
 - 10.3.4.3 have been partners in a partnership that was the subject of any compulsory liquidation, administration or partnership voluntary arrangement, at the time of such event or within the 12 months preceding any such event;
 - 10.3.4.4 have entered into any receiverships of any asset(s) or of a partnership where such directors are or were partners during the preceding 12 months;
 - 10.3.4.5 have been publicly criticised by a statutory or regulatory authority, including recognised professional bodies, or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
 - 10.3.4.6 have been involved in any offence of dishonesty;
 - 10.3.4.7 have been removed from an office of trust, on the grounds of misconduct, involving dishonesty; or
 - 10.3.4.8 have been the subject of any court order declaring him delinquent or placing him under probation in terms of section 162 of the Companies Act and/or section 47 of the Close Corporations Act, 1984 or been disqualified by a court to act as a director in terms of section 219 of the Companies Act, 1973.

10.4 Chief financial officer

Samara Totaram is the chief financial officer of STADIO. The audit and risk committee has considered and satisfied itself of the appropriateness of the expertise and experience of Ms Totaram for the position of chief financial officer. **Annexure 17** contains further details on the qualification and experience of Ms Totaram.

10.5 Borrowing powers

- 10.5.1 The provisions of the MOI regarding the borrowing powers exercisable by Directors of STADIO are set out in **Annexure 15** to this Pre-listing Statement. The MOI does not provide for the borrowing powers of the Directors to be varied and any variation of such powers would accordingly require Shareholders to approve a special resolution amending the MOI.
- 10.5.2 The borrowing powers of the Directors of the STADIO Group have not been exceeded during the three years preceding the Last Practicable Date. There are no exchange control or other restrictions on the borrowing powers of STADIO or any of its Major Subsidiaries.

10.6 Appointment and qualification of Directors

- 10.6.1 The relevant provisions of the MOI regarding the term of office of Directors, the manner of their appointment and rotation are set out in **Annexure 15**. No person has the right in terms of any agreement in respect of the appointment of any Director or any number of Directors.
- 10.6.2 The relevant provisions of the MOI relating to the qualification of Directors appear in **Annexure 15**. Apart from satisfying the qualification and eligibility requirements set out in section 69 of the Companies Act, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director of STADIO.
- 10.6.3 The MOI does not prescribe an age limit at which Directors are to retire.

10.7 Remuneration of Directors

- 10.7.1 STADIO may pay remuneration to non-executive Directors for their services as Directors in accordance with a special resolution approved by Shareholders within the previous two years, as set out in section 66(8) and (9) of the Companies Act, and the power of STADIO in this regard is not limited or restricted by the MOI.

- 10.7.2 Any Director who (i) serves on any executive or other committee; or (ii) devotes special attention to the business of STADIO; or (iii) goes or resides outside South Africa for the purpose of the business of STADIO; or (iv) otherwise performs or binds himself to perform services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Board may from time to time determine.
- 10.7.3 Directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with the business of STADIO and attending meetings of the Directors or of committees of the Directors of STADIO.
- 10.7.4 In terms of the MOI, the remuneration of executive Directors shall be determined by a disinterested quorum of Directors or a remuneration committee appointed by the Board, shall be in addition to or in substitution of any ordinary remuneration as a Director of STADIO, as the Board may determine, and may consist of a salary or a commission on profits or dividends or both, as the Board may direct.
- 10.7.5 No remuneration was paid by STADIO to the Directors as at the end of the last financial year ending 31 December 2016.
- 10.7.6 On 14 July 2017, the Shareholders approved, by way of a special resolution, the proposed fees for the services of non-executive Directors for the eight-month period from 1 May 2017 to 31 December 2017, as set out in the table below, on the basis that such approval and authority will only be valid until the next annual general meeting of STADIO:

	Fees for 1 May 2017 to 31 December 2017
Board	
Chairperson of the Board	R83 333.33
Board members	R83 333.33
Chairpersons of Board committees (Additional fee)	
Board	R4 000 per meeting (up to a maximum of R12 000 per annum)
Audit and risk committee	R4 000 per meeting
Remuneration committee	R4 000 per meeting
Social and ethics committee	R0

- 10.7.7 The proposed aggregate remuneration of the executive Directors for the financial year ending 31 December 2017, payable by STADIO and any of its Subsidiaries, is set out in the tables below:

10.7.7.1 Salary, fees and bonuses:

Director	Salary (R'000)	Directors' fees (R'000)	Bonuses (R'000)	Fees for other services (R'000)
CR van der Merwe ¹	910	-	-	-
S Totaram ²	1 712	-	-	-
D Singh ³	1 084	-	-	-
Total	3 706	-	-	-

10.7.7.2 Contributions and expenses:

Director	Pension contri- butions (R'000)	Vehicle allowance (R'000)	Medical group life and other (R'000)	Total remune- ration (R'000)
CR van der Merwe ¹	90	-	-	1 000
S Totaram ²	58	-	-	1 770
D Singh ³	107	-	-	1 191
Total	255	-	-	3 961

Notes:

- CR van der Merwe was appointed as a Director on 1 July 2017 and will therefore only be remunerated for 6 months of the financial year ending 31 December 2017.
- S Totaram was appointed as chief financial officer of the STADIO Group on 1 January 2017 and will therefore be remunerated for 12 months of the financial year ending 31 December 2017.
- D Singh was appointed and employed by the STADIO Group on 1 February 2017 and will therefore only be remunerated for 11 months of the financial year ending 31 December 2017.

10.7.8 In addition to any fees or remuneration paid or payable to the Directors by STADIO or its Subsidiaries, certain Directors also receive remuneration from STADIO's holding company, ultimate holding company and/or their Subsidiaries, as detailed below:

Director	Salary (R'000)	Directors' fees (R'000)	Bonuses (R'000)	Fees for other services (R'000)
CR van der Merwe ¹	1 357	102	2 224	395
S Totaram ²	–	–	995	–
Total	1 357	102	3 219	395

Director	Pension contri- butions (R'000)	Vehicle allowance (R'000)	Medical group life and other (R'000)	Total remuneration (R'000)
CR van der Merwe ¹	70	–	64	4 212
S Totaram ²	10	–	–	1 005
Total	80	–	64	5 217

Notes:

- 1 CR van der Merwe was remunerated by Curro for the 6 month period ended 30 June 2017 and will receive remuneration for serving as a non-executive director, strategic advisor and member of the social and ethics committee from 1 July 2017.
- 2 S Totaram was remunerated by Curro in the form of a bonus during the 6 month period ended 30 June 2017 for services rendered to Curro relating to the period ended 31 December 2016.

10.7.8.1 CR van der Merwe was the chief executive officer of Curro until 1 July 2017. During the financial year of Curro ended 31 December 2016, he received an aggregate remuneration of R19.1 million from Curro including gains on exercise of share options.

10.7.8.2 S Totaram also served on the Curro executive committee. During the financial year of Curro ended 31 December 2016, she received aggregate remuneration of R5.0 million, including gains on exercise of share options, being a prescribed officer of Curro.

10.7.8.3 PN de Waal is an employee of PSG Corporate Services Proprietary Limited (“PSGCS”), an indirect wholly-owned Subsidiary of PSG Group. During the financial year of PSGCS ended 28 February 2017, he received an aggregate remuneration of R4.0 million for 12 months of service.

10.7.8.4 A Mellet is an employee of PSGCS, an indirect wholly-owned Subsidiary of PSG Group. During the financial year of PSGCS ended 28 February 2017, he received an aggregate remuneration of R1.4 million for 12 months of service.

10.7.8.5 For the financial year ended 31 December 2016, the following Directors had been awarded shares in terms of the Curro Holdings Limited Share Incentive Trust:

Director	Opening balance of share options awarded at 1 January 2016	Number of share options awarded during the year	Number of share options exercised during the year	Strike price per share option awarded (Rand)	Exercise price per share option (Rand)	Share options award date	Closing balance of share options as at 31 December 2016
CR van der Merwe	210 791	–	(210 791)	5.93	4.50	29/09/2011	–
	93 778	–	(46 889)	17.10	15.10	29/09/2012	46 889
	301 181	–	(100 394)	19.61	18.44	29/09/2013	200 787
	134 200	–	(33 550)	25.58	24.62	29/09/2014	100 650
	197 200	–	–	35.42	34.91	29/09/2015	197 200
	–	140 200	–	42.01	42.01	29/09/2016	140 200
	937 150	140 200	(391 624)				685 726
S Totaram	472 100	–	(118 025)	25.58	24.62	29/09/2014	354 075
	54 500	–	–	35.42	34.91	29/09/2015	54 500
	–	71 600	–	42.01	42.01	29/09/2016	71 600
	526 600	71 600	(118 025)				408 575

10.7.9 STADIO SIT

The STADIO SIT has, as its main object and purpose, the incentivisations and retention of employees of the STADIO Group. The terms of the STADIO SIT are detailed in the STADIO SIT Deed, which complies with the JSE Listings Requirements and which has been approved by the JSE. The STADIO SIT was approved by its Shareholder on or about 14 July 2017 and will, following the Listing Date and the registration of the STADIO SIT with the Master of the High Court, be operated in terms of the STADIO SIT Deed. The salient terms of the STADIO SIT Deed appear in **Annexure 16**, whilst a copy of the document is available for inspection by Shareholders, as indicated in paragraph 29 of this Pre-listing Statement. The number of Shares that may be utilised for purposes of the STADIO SIT will initially be limited to 40 246 572 Shares, being equal to approximately 9% of the total issued share capital of STADIO on the Listing Date. The limit has been set based on the expected number of issued Shares in STADIO, following the Rights Offer, the B-BBEE Transaction and the issue of Shares in terms of the AFDA Acquisition and the SBS Acquisition. The maximum limit is determined based on 5% of the total number of Shares in issue following the aforementioned issues of Shares.

10.7.10 Directors are not entitled to any commission and are not party to any gain or profit-sharing arrangements with STADIO. Save for the emoluments set out above, no other material benefits were received by Directors for the previous financial year ended 31 December 2016.

10.7.11 No fees have been paid to any third party in lieu of Directors' fees.

10.7.12 There will be no variation in the remuneration receivable by any of the Directors as a consequence of the Listing.

10.7.13 STADIO has not, in the three years preceding the date of this Pre-listing Statement, paid (or agreed to pay) any amounts (whether in cash or in securities or otherwise) or given any benefits to any Director or to any company in which he is beneficially interested, directly or indirectly, or of which he is a director ("**the associate company**") or to any partnership, syndicate or other association of which he is a member ("**the associate entity**"), to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the associate company or the associate entity in connection with the promotion or formation of STADIO.

10.8 Interests of Directors

10.8.1 No director of STADIO or any of its Subsidiaries (including any person who may have resigned as a director within the last 18 months) has any material beneficial interest, directly or indirectly, in any transactions that were effected by STADIO (i) during the current or immediately preceding financial year, or (ii) during an earlier financial year and remain in any respect outstanding or unperformed.

10.8.2 No Director has had any material beneficial interest, either direct or indirect, in the Listing and no promoter or Director of STADIO is or was a member of a partnership, syndicate or other association of persons that has or had such an interest.

10.8.3 No Director has had any material beneficial interest, either direct or indirect, in the promotion STADIO. No cash or securities have been paid and no benefit has been given to any promoter within the last three years.

10.8.4 In terms of the Unbundling, the Directors who are Curro Shareholders, as at the Unbundling Record Date, shall be Shareholders of STADIO on the Unbundling Implementation Date. Accordingly, as at the Unbundling Implementation Date, the direct and indirect beneficial interests of the Directors and their associates (including a director who has resigned during the last 18 months) in the issued share capital of STADIO will be as follows:

Director	Direct number of Shares held	Direct % of Shares in issue held	Indirect number of Shares held	Indirect % of Shares in issue held	Total number of Shares held	Total % of Shares in issue held
CR van der Merwe	–	–	3 711 677	0.90%	3 711 677	0.90%
S Totaram	122 333	0.03%	–	–	122 333	0.03%
D Singh	–	–	–	–	–	–
RH Stumpf	–	–	–	–	–	–
R Kisten	–	–	–	–	–	–
KS Sithole	–	–	–	–	–	–
PN de Waal	98 048	0.02%	–	–	98 048	0.02%
A Mellet	21 121	0.01%	13 000	0.00%	34 121	0.01%
Total	241 502	0.06%	3 724 677	0.90%	3 966 179	0.96%

Note:

- 1 Includes Shares held in trusts of which the Directors are discretionary beneficiaries.
- 2 All the Shares will be acquired by the Directors on Listing as part of the Unbundling and accordingly no dealings in the Shares will have taken place prior to the Unbundling.

10.9 Service contracts of Directors

10.9.1 Employment agreements have been concluded with all the executive Directors. The employment agreements concluded with them include standard termination and other provisions for contracts of this nature.

10.9.2 No restraint of trade payments have been paid or are payable to any of the Directors.

11. BROAD-BASED BLACK ECONOMIC EMPOWERMENT STRATEGY

11.1 STADIO recognises the importance of social and economic transformation in the South African environment and intends, shortly after the Listing and concurrently with the Rights Offer, to implement the B-BBEE Transaction by way of a private placement of Shares to Black People and Brimstone, as part of its larger B-BBEE strategy.

11.2 Brimstone is a black controlled and managed investment holding company listed on the JSE, with investments across various sectors including financial services, food and healthcare.

11.3 On 23 August 2017, Shareholders approved the B-BBEE Transaction on the following terms:

11.3.1 STADIO will use its reasonable endeavours to place Placement Shares up to a maximum value of R100 million with Black People, including Black Employees (the “**Individual Placement**”);

11.3.2 Placement Shares to the value of R100 million will be placed with Brimstone (the “**Brimstone Placement**”);

11.3.3 Brimstone has irrevocably agreed to underwrite the Individual Placement and will subscribe for all Placement Shares which are not placed with Black People, including Black Employees, in terms of the Individual Placement;

11.3.4 the minimum subscription amount per Black Employee in terms of the Individual Placement shall be R20 000;

11.3.5 the minimum subscription amount per Black People, excluding Black Employees, in terms of the Individual Placement is R50 000;

11.3.6 the price at which the Placement Shares will be issued will be the lower of:

11.3.6.1 R2.96 per Placement Share; and

11.3.6.2 the VWAP of a Share for the 30 trading day period after the Listing Date, less a 20% discount (“**Discounted Price**”), provided that if the Discounted Price is lower than R2.50 per Placement Share, the Board will have the right, in its sole discretion, to decide whether or not to proceed with the proposed B-BBEE Transaction; and

11.3.7 all Placement Shares issued as part of the B-BBEE Transaction will be subject to a lock-in period of seven years, during which period, participants in the B-BBEE Transaction shall only be allowed to sell their Placement Shares to other Black People, which have been verified by STADIO.

SECTION TWO – DETAILS OF MATERIAL AND OTHER ACQUISITIONS

MATERIAL ACQUISITIONS

12. AFDA ACQUISITION

12.1 Overview of AFDA

- 12.1.1 AFDA is a South African registered higher education institution, with 9 accredited programmes (ranging from higher certificates to masters' degrees) primarily focused on the film, television and live performance industry.
- 12.1.2 AFDA was founded in 1994 by Garth Holmes, Bata Passchier and Deon Opperman. Since then it has grown from 6 students, to a premier institution of its kind in the world, with approximately 1 950 students on campuses in Johannesburg, Cape Town, Durban and Port Elizabeth. AFDA has grown its student numbers consistently from approximately 1 570 students in 2015 to approximately 1 775 students in 2016 and to approximately 1 950 students currently enrolled at its 4 South African campuses. These current campuses can accommodate an approximate student capacity of 4 000 students. AFDA will further look to expand its offerings in locations such as Pretoria and Soweto over time.
- 12.1.3 As a further part of its strategy to expand its brand offering, and prepare graduates for the demands of a digital economy, AFDA launched its business innovation and technology degree offering, to address the exciting exponential development of the creative economy.

12.2 Benefits of the AFDA Acquisition

- 12.2.1 AFDA's strategy is aligned with STADIO's Multiversity strategy of creating further access to higher education through the expansion and development of its core brands.
- 12.2.2 The AFDA Acquisition represents a key investment in accordance with STADIO's overall growth strategy to increase its exposure to higher education institutions and to expand and develop its core brands. AFDA represents a well-established business, with good cash flow and an innovative management team. The acquisition will allow STADIO to diversify its higher education portfolio to include a Creative Arts faculty. Over the long term, the AFDA Acquisition will allow STADIO to leverage AFDA's existing accreditations (being provided in respect of Arts, School of Business and School of Technology) to obtain accreditation for other key courses in the creative economy.
- 12.2.3 AFDA is an acknowledged academic leader in its field, both nationally and globally, and the AFDA Acquisition contributes to the overall integrity and the quality of the STADIO brand, further reinforcing the commitment to being a provider of quality higher education.
- 12.2.4 The recognition for the AFDA brand and the quality and employability of the graduates creates significant potential for regional and international expansion specifically on the African continent, where new (direct and indirect) qualification and employment opportunities are emerging. The growth potential for AFDA is not limited by national boundaries and as such, will be one of STADIO's innovative growth emphasis areas.

12.3 Salient terms of the AFDA Acquisition Agreement

- 12.3.1 STADIO concluded the AFDA Acquisition Agreement on 1 June 2017, in terms of which it acquired 100% of the issued share capital of AFDA ("**AFDA Shares**") and 100% of the issued share capital of Intraframe ("**Intraframe Shares**") from the AFDA Vendors on 24 August 2017 ("**AFDA Effective Date**").
- 12.3.2 Intraframe owns certain key assets, including immovable property, which are utilised by AFDA in the operation of its business.
- 12.3.3 The purchase consideration for the Intraframe Shares was an amount of R40 million ("**Intraframe Consideration**"), which was settled by STADIO issuing 12 339 646 Shares to the AFDA Vendors on the AFDA Effective Date. The number of Shares which were issued by STADIO in settlement of the Intraframe Consideration was determined based on the value attributed to STADIO using a factor of 3.9 times the NAV of STADIO immediately prior to the AFDA Effective Date, being R3.24 per Share.
- 12.3.4 The purchase consideration for the AFDA Shares ("**AFDA Consideration**") comprises of:
 - 12.3.4.1 an initial amount of R260 million ("**Initial Consideration**"); and
 - 12.3.4.2 a top-up consideration, calculated as set out in paragraph 12.3.6 below, in the event that the audited recurring headline earnings of AFDA for the year ended 31 December 2017 represents at least a 15% increase from the audited recurring headline earnings of AFDA for the year ended 31 December 2016 ("**Top-up Consideration**").
- 12.3.5 The Initial Consideration was settled by STADIO on the AFDA Effective Date by making a cash payment of R180 million and issuing 24 679 290 Shares to the AFDA Vendors. The number of Shares which were issued by STADIO in settlement of a portion of the Initial Consideration, was determined based on the value attributed to STADIO using a factor of 3.9 times the NAV of STADIO immediately prior to the AFDA Effective Date, being R3.24 per Share.
- 12.3.6 The Top-up Consideration will be equal to the audited recurring headline earnings of AFDA for the year ended 31 December 2017, multiplied by a multiple of 10, less the Initial Consideration of R260 million.

- 12.3.7 The Top-up Consideration (if any), shall be settled by STADIO, partly in cash and partly by the issue of Shares, in such proportions so as to ensure (to the extent possible) that 50% of the aggregate consideration payable in terms of the AFDA Acquisition Agreement is settled in cash and 50% thereof is settled through the issue of Shares.
- 12.3.8 The number of Shares to be issued in settlement of the Share settled portion of the Top-up Consideration will be determined by using the VWAP of the Shares for the 30 trading day period before the Shares are issued.
- 12.3.9 Following the AFDA Effective Date, STADIO implemented an internal restructuring comprising of various asset-for-share transactions in accordance with section 42 of the Income Tax Act, subsequent to which STADIO Investments held the AFDA Shares and STADIO Corporate Services held the Intraframe Shares.
- 12.3.10 In terms of the AFDA Acquisition Agreement, the AFDA Vendors have:
 - 12.3.10.1 provided extensive warranties, standard for transactions of this nature, to STADIO;
 - 12.3.10.2 given restraint of trade undertakings, standard for transactions of this nature, in favour of AFDA and STADIO; and
 - 12.3.10.3 entered into consultancy agreements with AFDA, in terms of which they will continue to provide services to AFDA.

13. SBS ACQUISITION

13.1 Overview of the Southern Business School

- 13.1.1 The Southern Business School is an accredited private higher education provider registered with the DHET and the Southern Business School of Namibia is a private higher education provider which is recognised by the Namibian Qualification Authority.
- 13.1.2 The Southern Business School has 11 accredited distance learning programmes (ranging from higher certificates to masters' degrees) offered by 3 academic schools, namely the School of Business and Economics, the School of Safety in Society and the School of Law, which offer dedicated programmes, as well as short courses.
- 13.1.3 Founded by Chris Vorster in 1996, the Southern Business School, which originally opened its doors with 38 students in 1996, offers accredited programmes through distance learning. The business has reflected stellar growth in student numbers from approximately 6 905 students in 2015, to approximately 8 533 students in 2016 and to approximately 9 956 students in 2017, enrolled in South Africa and Namibia.

13.2 Benefits of the SBS Acquisition

- 13.2.1 The Southern Business School represents a key investment in accordance with STADIO's overall growth strategy to increase its exposure to higher education institutions and to expand and develop its core brands, particularly in the distance learning environment. The Southern Business School represents a well-established business, with good cash flows and an experienced management team. The acquisition will allow STADIO to diversify its higher education portfolio to include management, business and commerce and policy programmes through distance learning. In 2016, the Southern Business School launched a Bachelor of Commerce (Law) degree as part of its strategy to expand its range of programmes offered.
- 13.2.2 The Southern Business School qualifications cater for the school-leaver, as well as the mature student market, emphasising possibilities of work-based and lifelong learning. Its vision and mission are aligned with the strategic intent, purpose and ethos of the STADIO Group, which is to expand and grow private higher education and produce skilled graduates for the world of work and/or entrepreneurship. The advantages of a distance education provider within the STADIO Group creates significant growth and development opportunities, as well as a potential for greater academic innovation including credit accumulation and transfer and enhanced success and throughput between the various STADIO acquisitions.
- 13.2.3 The Southern Business School will continue to seek out growth opportunities (in South Africa and Namibia) by introducing new programmes as well as increasing its presence, through effective marketing, and extending its reach geographically. Being a distance learning provider, the Southern Business School will not require the physical building infrastructure required, for example, by the Embury or AFDA businesses. This business is thus able to scale its operations and widen access with investment in appropriate information technology improvements over time.

13.3 Salient terms of the SBS Acquisition Agreements

- 13.3.1 STADIO Investment Holdings will subscribe for ordinary shares in the issued share capital of the Southern Business School, which shares will, once they have been issued, comprise 74% of the issued ordinary share capital of the Southern Business School, for a total consideration of R200 million.
- 13.3.2 The consideration will be settled partly in cash (R100 million) and partly in Shares (R100 million).
- 13.3.3 The number of Shares to be issued in settlement of the share portion of the purchase consideration will be determined by using the VWAP of the Shares for the 30 trading day period after the Listing Date.
- 13.3.4 In terms of the SBS Acquisition Agreements, the SBS Vendor has:
 - 13.3.4.1 provided extensive warranties, standard for transactions of this nature, to STADIO;
 - 13.3.4.2 given restraint of trade undertakings, standard for transactions of this nature, in favour of the Southern Business School and STADIO; and

13.3.4.3 entered into an employment agreement with the Southern Business School.

13.3.5 STADIO Investment Holdings will only acquire 74% of the issued share capital of the Southern Business School and the remaining 26% will be retained by the SBS Vendor. The SBS Vendor founded the Southern Business School and has extensive knowledge of the business and the distance learning environment. His continued involvement in the management of the Southern Business School will contribute greatly to the planned growth of the Southern Business School and the STADIO Group.

13.4 Implementation of the SBS Acquisition

The SBS Acquisition will be implemented on the fifth Business Day after the last outstanding condition precedent is fulfilled, which is anticipated to be 30 September 2017.

13.5 Conditions precedent

The SBS Acquisition is subject to the fulfilment of the material outstanding condition precedent that by 30 September 2017 (or such later date as agreed to between the parties to the SBS Acquisition Agreements), the SBS Acquisition has been unconditionally approved by the Namibian competition authorities, or conditionally approved on terms and conditions which are acceptable to STADIO Investment Holdings.

OTHER ACQUISITIONS (NOT MATERIAL)

14. CA CONNECT ACQUISITION

14.1 Embury has entered into an agreement on or about 24 April 2017, in terms of which it will acquire the business, intellectual property and employees of CA Connect with effect from 1 January 2018.

14.2 As consideration for the CA Connect business, Embury will issue A Class shares to the CA Connect shareholders, which A Class shares will entitle them to receive specific dividends ("**A Class Dividends**") based on the performance of the various programmes in respect of which the CA Connect intellectual property will be applied and for which the CA Connect employees will take responsibility ("**CA Connect Programmes**"), over a three-year period.

14.3 The aggregate value of the A Class Dividends will be equal to the third year EBITDA of the CA Connect Programmes multiplied by a multiple of 4.5.

14.4 The A Class Dividends will be declared over the three-year period as follows:

14.4.1 a dividend of R10 million plus accrued interest thereon will be declared on 1 January 2018;

14.4.2 a dividend equal to the first year EBITDA of the CA Connect Programmes multiplied by a multiple of 4.5, less any prior A Class Dividends, will be declared after the first year;

14.4.3 a dividend equal to the second year EBITDA of the CA Connect Programmes multiplied by a multiple of 4.5, less any prior A Class Dividends, will be declared after the second year; and

14.4.4 a dividend equal to the third year EBITDA of the CA Connect Programmes multiplied by a multiple of 4.5, less any prior A Class Dividends, will be declared after the third year.

14.5 The A Class Dividends will be settled through the issue of Shares by STADIO. The number of Shares to be issued in settlement of the A Class Dividends will be determined using the VWAP of the Shares for the 30 trading day period before the Shares are issued.

14.6 In order to ensure that there is security for any decrease in the EBITDA of the CA Connect Programmes over the period, 25% of the first year and the second year A Class Dividends will be withheld until the third year A Class Dividend payment date.

14.7 Following the payment of the A Class Dividends listed above, the A Class shares will be repurchased by Embury and cancelled.

15. ACQUISITION AUTHORISATIONS

The Board and the Shareholders (to the extent required) have resolved to implement the AFDA Acquisition, SBS Acquisition and the CA Connect Acquisition and no further JSE, corporate or shareholder approvals are required to implement such acquisitions.

SECTION THREE – CAPITAL

16. SHARE CAPITAL

16.1 Authorised and issued share capital

16.1.1 The authorised and issued share capital of STADIO, immediately prior to the Listing Date, is set out below:

	Number of Shares	R
Authorised share capital		
Ordinary Shares of no par value	1 000 000 000	–
Issued share capital		
Stated capital – ordinary Shares of no par value	447 580 089	441 963 964
Treasury Shares	–	–
Total	447 580 089	441 963 964

16.1.2 As at the Last Practicable Date and following the Listing:

16.1.2.1 no debentures had been, or will have been, created or issued by STADIO;

16.1.2.2 all Shares in issue were and will be fully paid up and freely transferable; and

16.1.2.3 all Shares in issue ranked and will rank *pari passu* with each other in all respects, including in respect of voting rights and dividends.

16.2 Rights attaching to Shares

16.2.1 The salient provisions in the MOI relating to the rights attaching to Shares, and the variation of such rights, appear in **Annexure 15** hereto.

16.2.2 Save for the contractual rights contained in the Material Acquisition Agreements and in terms of the CA Connect Acquisition, there are no conversion or exchange rights to Shares, nor do any Shareholders have any redemption rights or preferential rights to profits or capital.

16.2.3 The rights of Shareholders to participate in dividends, rights to profits or capital, including the rights of Shareholders on liquidation or distribution of capital assets of STADIO, are determined by the MOI and the relevant summaries thereof are set out in **Annexure 15**.

16.3 Changes to share capital

16.3.1 A special resolution increasing the authorised share capital of STADIO to 1 000 000 000 ordinary no par value Shares, was approved by Shareholders on or about 14 July 2017 and was subsequently filed with the CIPC.

16.3.2 Save as set out in paragraph 16.3.1 above, there have been no changes, consolidations or subdivisions of STADIO's securities over the three years immediately preceding the date of this Pre-listing Statement.

16.4 Shares issued

Save as set out below, neither STADIO, nor any of its Subsidiaries have issued any shares within the three years preceding this Pre-listing Statement:

16.4.1 as part of the first internal group restructuring:

16.4.1.1 STADIO Investment Holdings issued 120 ordinary no par value shares to Curro (which shares were subsequently transferred to STADIO in terms of an asset for share transaction in accordance with section 42 of the Income Tax Act);

16.4.1.2 STADIO issued 410 560 913 Shares to Curro;

16.4.2 as part of a second internal restructuring:

16.4.2.1 STADIO Corporate Services issued 120 ordinary no par value shares to Curro (which shares were subsequently transferred to STADIO Investment Holdings in terms of multiple asset for share transactions in accordance with section 42 of the Income Tax Act);

16.4.2.2 STADIO issued 120 Shares to Curro;

16.4.2.3 STADIO Investment Holdings issued 120 ordinary no par value shares to STADIO; and

16.4.3 as part of the implementation of the AFDA Acquisition:

16.4.3.1 STADIO issued 37 018 936 Shares at an issue price of R3.24 per Share to the AFDA Vendors in settlement of a portion of the purchase consideration payable by it in terms of the AFDA Acquisition Agreement;

16.4.3.2 STADIO Investments issued 120 ordinary shares to STADIO; and

16.4.3.3 STADIO Corporate Services issued 120 ordinary shares to STADIO Investments.

16.5 **Share repurchases**

Neither STADIO, nor any of its Subsidiaries have repurchased any shares within the three years immediately preceding this Pre-listing Statement.

16.6 **Options and preferential rights in respect of Shares**

Save for the contractual rights granted as part of the terms of the Material Acquisitions and the CA Connect Acquisition, there is no contract or arrangement, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any Shares in STADIO or any shares in any of STADIO's Subsidiaries.

17. **MAJOR AND CONTROLLING SHAREHOLDERS**

17.1 As at the date of this Pre-listing Statement, 91.7% of the issued share capital of STADIO is held by Curro and 8.3% by the AFDA Vendors.

17.2 In terms of the Unbundling, the Curro Shareholders, as at the Unbundling Record Date, shall be Shareholders of STADIO on the Unbundling Implementation Date, holding an aggregate of 91.7% of the Shares. Accordingly, those Curro Shareholders who, insofar as is known to STADIO, directly or indirectly, beneficially held 5% or more of the issued share capital of Curro, as at the Last Practicable Date, are set out below:

Name of Shareholder	Number of Curro Shares	% of Curro Shares in issue
PSG Financial Services Limited	228 210 051	55.6%
Coronation Fund Managers	27 106 675	6.6%
Thembeke Market Holdings Proprietary Limited	21 414 492	5.2%
Public Investment Corporation	20 663 669	5.0%

17.3 The Board is not aware of any pre-existing intention of any major Shareholder to dispose of a material number of their Shares at or immediately after the Listing.

17.4 STADIO was incorporated on 25 August 2016, accordingly there has been no change in controlling shareholder(s) or trading objects of STADIO or its Major Subsidiaries in the five years prior to the Last Practicable Date.

17.5 No change in the ultimate controlling Shareholder will occur as a result of the Unbundling or the Listing.

SECTION FOUR – FINANCIAL INFORMATION

18. HISTORICAL, *PRO FORMA* AND FORECAST FINANCIAL INFORMATION

18.1 Historical financial information of STADIO

A report on the historical financial information of STADIO, showing its financial position as at 31 December 2016, is presented in **Annexure 1** and is the responsibility of the Directors, while the Independent Reporting Accountant's report thereon is included as **Annexure 2** to this Pre-listing Statement.

18.2 Historical financial information of Embury

A report on the historical financial information of Embury, showing its financial results for the years ended 31 December 2016, 2015 and 2014, is presented in **Annexure 3** and is the responsibility of the Directors, while the Independent Reporting Accountants' reports thereon are included as **Annexure 4** and **Annexure 5** to this Pre-listing Statement.

The segmented financial information of Curro's higher education division, which includes Embury and STADIO, for the six months ended 30 June 2017 is presented in **Annexure 6** and has been extracted from the Curro Interim Results for the six months ended 30 June 2017 published on SENS on 15 August 2017.

18.3 Historical financial information of AFDA

A report on the historical financial information of AFDA, showing its financial results for the three years ended 31 December 2016, 2015 and 2014, is presented in **Annexure 7** and is the responsibility of the Directors, while the Independent Reporting Accountant's report thereon is included as **Annexure 8** to this Pre-listing Statement.

18.4 Historical financial information of Intraframe

A report on the consolidated historical financial information of Intraframe, showing its financial results for the three years ended 31 December 2016, 2015 and 2014, is presented in **Annexure 9** and is the responsibility of the Directors, while the Independent Reporting Accountant's report thereon is included as **Annexure 10** to this Pre-listing Statement.

18.5 *Pro forma* financial effects on STADIO

The consolidated *pro forma* financial effects on STADIO after the Material Acquisitions and Listing as set out below, are the responsibility of the Directors. The consolidated *pro forma* financial effects are presented in a manner consistent with the basis on which the historical financial information of STADIO has been prepared and in terms of STADIO's accounting policies. The *pro forma* financial effects have been presented for illustrative purposes only and, because of their nature, may not give a fair reflection of STADIO's financial position, changes in equity and results of operations after implementation of the Material Acquisitions and the Listing.

The consolidated *pro forma* financial effects are summarised below and should be read in conjunction with the consolidated *pro forma* statement of financial position and *pro forma* statement of comprehensive income, as set out in **Annexure 11**, together with the assumptions upon which the financial effects are based, as indicated in the notes thereto. The Independent Reporting Accountant's report on the consolidated *pro forma* financial information appears at **Annexure 12** to this Pre-listing Statement.

	Audited financial information before Material Acquisitions	<i>Pro forma</i> financial information after Material Acquisitions and Listing
Earnings per Share (cents)	–	2.5
Headline earnings per Share (cents)	–	3.8
Net asset value per Share (cents)	–	118.8
Tangible net asset value per Share (cents)	–	15.4

Notes and assumptions:

- Shareholders are referred to the notes and assumptions to the above *pro forma* information, as detailed in **Annexure 11** to this Pre-listing Statement.
- An internal group restructuring, by way of an asset for share transfer transaction in terms of section 42 of the Income Tax Act, took place in terms of which Curro transferred its original investment in Embury (to the value of R60.8 million) and the capitalisation of a loan account (to the value of R210.7 million) to STADIO Investment Holdings in exchange for shares in STADIO Holdings.
- STADIO acquired a 100% interest in AFDA and Intraframe at an initial acquisition price of R300 million, R180 million of which was settled in cash (R50 million through existing cash and R130 million through a loan from Curro) and the balance of R120 million was settled through the issue of Shares by STADIO prior to Listing. The purchase price payable in terms of the AFDA Acquisition is still subject to an earn out of an estimated R40 million payable by the issue of Shares in STADIO in 2018 (Top-up Consideration) and has been accounted for.
- STADIO Investment Holdings will subscribe for ordinary shares in the issued share capital of the Southern Business School, which shares will, once they have been issued, comprise 74% of the issued ordinary share capital of the Southern Business School, for a total consideration of R200 million. The R200 million will be settled partly in cash (R100 million) funded through the utilisation of the Curro bridge funding and partly by the issue of Shares by STADIO (R100 million), which Shares will be issued post the Listing of STADIO on the JSE.

- 5 The *pro forma* financial information includes non-recurring bridge funding costs of R29.5 million incurred on the bridge funding provided by Curro, utilised to fund a portion of the cash settled portion of the purchase considerations in terms of the AFDA Acquisition and the SBS Acquisition. The bridge funding incurs interest at a rate of between 10% and Prime Rate plus 4% per annum. The aforementioned bridge funding costs represent the cost of funding assuming that the bridge funding was in place for a period of 12 months. As set out in **Annexure 24**, Curro will provide bridge funding to STADIO to fund the AFDA Acquisition and the SBS Acquisition, which funding will be settled post the implementation of the Rights Offer. Had the Rights Offer and the B-BBEE Transaction been effective at the beginning of 2016, interest would have been generated on the unutilised portion of the Rights Offer and B-BBEE Transaction proceeds. As such the finance costs for the STADIO Group as reflected in the *pro forma* financial information, is not indicative of the actual finance costs.
- 6 The *pro forma* financial information includes non-recurring Material Acquisition transaction costs (R2.9 million) and Listing costs (R3.8 million).
- 7 The weighted average number of Shares in issue takes into consideration the additional Shares issued to Curro as part of the internal restructuring (410.6 million) as well as to the AFDA Vendors in terms of the AFDA Acquisition (37.0 million) and to the SBS Vendor (33.8 million) in terms of the SBS Acquisition.
- 8 The CA Connect Acquisition, the details of which are summarised in paragraph 14 of this Pre-listing Statement, has not been taken into account in the preparation of the *pro forma* financial information, as it will only be implemented on 1 January 2018.
- 9 The effects of the Rights Offer, details of which are summarised in paragraph 5 of this Pre-listing Statement, as well as the B-BBEE Transaction, details of which are summarised in paragraph 11 of this Pre-listing Statement, have not been taken into account in the preparation of the *pro forma* financial information as the terms thereof are still subject to the discretion of the Board. Both the Rights Offer and the B-BBEE Transaction will be undertaken post the Listing of STADIO on the JSE.

18.6 Forecast financial information of STADIO

The forecast financial information of STADIO, as presented in **Annexure 13**, is the responsibility of the Directors. The forecast financial information is presented in a manner consistent with the basis on which the historical financial information of STADIO has been prepared and in terms of STADIO's accounting policies. The Independent Reporting Accountant's report on the forecast financial information appears at **Annexure 14** to this Pre-listing Statement.

19. MATERIAL MATTERS

19.1 Material changes

Save for the Material Acquisitions and the internal group restructuring contemplated in this Pre-listing Statement:

- 19.1.1 there have been no other material changes in the financial or trading position of the STADIO Group since the end of its last financial year ended 31 December 2016;
- 19.1.2 there have been no other changes in the business or trading objects of the STADIO Group since its incorporation; and
- 19.1.3 there have been no other major changes in the nature of property, plant and equipment and in the policy regarding the use thereof.

19.2 Material commitments, lease payments and contingent liabilities

As at the Last Practicable Date, STADIO had no material commitments, lease payments or contingent liabilities, save for the Top-up Consideration payable in respect of the AFDA Acquisition, details of which are set out in paragraph 12.3.6 above.

19.3 Material borrowings and loans receivable

- 19.3.1 As at the Last Practicable Date, no debentures have been issued by STADIO or any of its Subsidiaries.
- 19.3.2 As at the Last Practicable Date, no material loans have been advanced to STADIO or its Subsidiaries, save for the bridge funding provided by Curro, as set out below and in **Annexure 24**. The STADIO Group has no material loans that are repayable within the next 12 months, save for the bridge funding provided by Curro as set out in **Annexure 24**.
- 19.3.3 Curro has provided bridge funding in the form of a facility of a maximum of R230 million to the STADIO Group. To date R130 million has been drawn down to fund a portion of the payment of the cash-settled portion of the purchase consideration payable in terms of the AFDA Acquisition. A further R100 million will be utilised to fund the cash settled portion of purchase consideration payable in terms of the SBS Acquisition. The aforementioned bridge funding is unsecured and bears interest at a rate of between 10% and the Prime Rate plus 4% per annum. The bridge funding will be settled from cash raised through the Rights Offer to be conducted post the Listing.
- 19.3.4 No debentures have been created in terms of a trust deed and no replacement debentures have been issued by STADIO.
- 19.3.5 As at the Last Practicable Date:
 - 19.3.5.1 save for the intergroup loans disclosed in **Annexure 25**, no material loans have been made by the STADIO Group, and no loan capital is outstanding; and
 - 19.3.5.2 the STADIO Group has not made any loans to, or furnished any security for the benefit of, any Director or manager of STADIO (or of any associate of any such Director or manager).

20. STADIO GROUP ACTIVITIES

20.1 Principal immovable property owned and leased

The situation, area and tenure, including, in the case of leasehold property, the rental and unexpired term of the leases, of the principal immovable properties occupied by the STADIO Group, are detailed in **Annexure 26**.

20.2 Intercompany financial and other transactions

20.2.1 All inter-company balances between all STADIO Group Companies, before elimination on consolidation, are disclosed in **Annexure 25**.

20.2.2 Save for the inter-company balances referred to above, there are no material inter-company financial and other transactions.

20.3 Material Acquisitions

20.3.1 Save for the Material Acquisitions, the STADIO Group has not undertaken any material acquisitions within the last three years and has not concluded any agreements in relation to any proposed material acquisitions.

20.3.2 Details regarding the vendors in such Material Acquisitions, appear in **Annexure 23**.

20.3.3 No promoter or Director had any beneficial interest, direct or indirect, in any such material acquisition, or was a member of a partnership, syndicate or other association of persons that had such an interest.

20.4 Material property disposed of or to be disposed of

The STADIO Group has not disposed of any material property during the last three years and is not currently contemplating any material disposals.

20.5 Working capital

The Directors are of the opinion that the working capital available to the STADIO Group is adequate for the present requirements of the STADIO Group, that is, for a period of 12 months from the date of issue of this Pre-listing Statement.

20.6 Promoters' and other interests

20.6.1 No amounts have been paid or have accrued as payable and no benefit was given or proposed to be given within the last three years to any promoter or to any partnership, syndicate or other association of which a promoter is or was a member.

20.6.2 Save for being a Shareholder of STADIO, no Director or promoter has any material beneficial interest, direct or indirect, in the promotion of STADIO or in any material property referred to in paragraph 20.1 of this Pre-listing Statement.

20.6.3 No commissions were paid, or accrued as payable, by STADIO within the three years preceding the date of this Pre-listing Statement in respect of any underwriting.

20.6.4 No commissions, discounts, brokerages or other special terms have been granted by STADIO within the three years preceding the date of this Pre-listing Statement in connection with the issue or sale of any securities, stock or debentures in the capital of STADIO.

20.7 Royalties

No royalties are payable or items of a similar nature in respect of STADIO or any of its Subsidiaries.

20.8 Authorisations

The following Shareholder resolutions relating to the Listing were passed by Curro, as the sole Shareholder of STADIO:

20.8.1 on 14 July 2017, a special resolution was passed, in terms of section 16(1)(c) and section 16(5)(a) of the Companies Act, adopting the MOI;

20.8.2 on 14 July 2017, a special resolution was passed, converting STADIO from a private company to a public company;

20.8.3 on 14 July 2017, a special resolution was passed, in terms of section 16(1)(c) and section 16(5)(b)(i) of the Companies Act, changing the name of STADIO from "*STADIO Holdings Proprietary Limited*" to "*STADIO Holdings Limited*";

20.8.4 on 14 July 2017, a special resolution was passed, in terms of section 36(2)(a) and section 16(1)(c) of the Companies Act, increasing the authorised Share capital of STADIO to 1 000 000 000 ordinary Shares of no par value;

20.8.5 on 14 July 2017, a special resolution was passed, adopting the STADIO SIT in accordance with the STADIO SIT Deed;

20.8.6 on 14 July 2017, a special resolution was passed, in terms of section 66(9) of the Companies Act, approving the remuneration of non-executive directors as set out in paragraph 10.7.6 above, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of STADIO;

- 20.8.7 on 14 July 2017, a special resolution was passed, in terms section 45 of the Companies Act, authorising STADIO, as a general approval, to provide any direct or indirect financial assistance which the Board may deem fit to any Director or prescribed officer of STADIO or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member, on the terms and conditions and for amounts which the Board may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of STADIO;
- 20.8.8 on 14 July 2017, a special resolution in terms section 44 of the Companies Act was passed, authorising STADIO, as a general approval, to provide any direct or indirect financial assistance which the Board may deem fit to any person or entity, on the terms and conditions and for amounts which the Board may determine for the purpose of, or in connection with the subscription of any option, or any shares or other securities, issued or to be issued by STADIO or a related or inter-related company or corporation, or for the purchase of any shares or securities of STADIO or a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of STADIO;
- 20.8.9 on 14 July 2017, a special resolution was passed, authorising STADIO and its Subsidiaries, as a general approval, to repurchase a maximum number of Shares equal to 20% in the aggregate in any one financial year of STADIO's issued share capital, at a price of no 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, upon such terms and conditions as the Board may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the MOI and the JSE Listings Requirements and provided that the general authority shall only be valid until the next annual general meeting of STADIO;
- 20.8.10 on 14 July 2017, an ordinary resolution was passed by a 75% majority of the Shareholders, authorising the Board, by way of a general authority, to allot and issue any of STADIO's unissued Shares, in the aggregate equal to not more than 15% of STADIO's issued share capital as at the Listing Date, for cash, at a maximum discount of 10% of the weighted average traded price of such Shares, as determined over the 30 Business Days prior to the date that the price of the issue is agreed, as they in their discretion may deem fit, without restriction, subject to the provisions of the MOI, the Companies Act and the JSE Listings Requirements and provided that the general authority shall only be valid until the next annual general meeting of STADIO;
- 20.8.11 on 23 August 2017, an ordinary resolution was passed by a 75% majority of the Shareholders, authorising the Board in terms of the MOI and the Listings Requirements, by way of a specific authority, to allot and issue the Placement Shares, to Black People and to Brimstone in terms of the B-BBEE Transaction;
- 20.8.12 on 23 August 2017, a special resolution in terms of section 41(1) of the Companies Act was passed, authorising the Board, by way of a specific authority, to allot and issue the Placement Shares in terms of the B-BBEE Transaction to the extent that any of the participants in the B-BBEE Transaction fall into the category of people listed in section 41(1) of the Companies Act; and
- 20.8.13 on 23 August 2017, a special resolution in terms of section 41(3) of the Companies Act was passed, authorising the Board to allot and issue the Placement Shares in terms of the B-BBEE Transaction and the Shares in terms of the Rights Offer, given that the Placement Shares and/or the Shares issued in terms of the Rights Offer will be equal to or exceed 30% of the voting power of all the Shares held by Shareholders immediately before the implementation of the B-BEE Transaction and the Rights Offer.

20.9 Dividends

- 20.9.1 In terms of the MOI, all distributions and monies due to Shareholders must be held by STADIO in trust for a period of three years (or such longer period as the law may prescribe for the prescription of a claim) from the date on which they were declared. All distributions and monies due to Shareholders which remain unclaimed after the aforementioned period, may be declared forfeited by the Directors for the benefit of STADIO and may be invested or otherwise made use of by the Directors for the benefit of STADIO. The Directors may at any time annul such forfeiture upon such conditions (if any) as they think fit.
- 20.9.2 No arrangements exist under which future dividends are waived or are agreed to be waived.
- 20.9.3 The Board will undertake to declare ordinary dividends of up to 80% of free cash flow. In determining the free cash flow the Board will take into consideration the capital that may be required to fund both its organic and acquisitive growth strategies.

SECTION FIVE – ADDITIONAL MATERIAL INFORMATION

21. KING CODE AND CORPORATE GOVERNANCE

21.1 Approach to corporate governance

- 21.1.1 The Board endorses the King Code and is committed to the principles of transparency, integrity, fairness and accountability by STADIO in the conduct of its business and affairs.
- 21.1.2 The Board is responsible for ensuring that STADIO complies with all of its statutory and regulatory obligations. It oversees and ensures an effective compliance framework, the integrity of the STADIO Group's financial reporting and risk management, as well as accurate, timely and transparent disclosure to Shareholders.
- 21.1.3 A full analysis of the steps taken by STADIO to comply with the principles of King Code is available on STADIO's website at <http://www.stadio.co.za/investor-relations/corporate-governance/King-Code>.

21.2 The Board

- 21.2.1 The Board consists of seven Directors, three of whom are executive Directors and four of whom are non-executive Directors. Of the four non-executive Directors, three are independent non-executive Directors. The profiles of the Directors appear in **Annexure 17**.
- 21.2.2 The Board has resolved that STADIO's chairperson, Dr Rolf Stumpf, is independent for purposes of the King Code. Dr Chris van der Merwe was appointed as STADIO's chief executive officer on 1 July 2017.
- 21.2.3 The appointment of Directors is a matter for the Board as a whole.
- 21.2.4 There is a policy evidencing a clear balance of power and authority at Board level, to ensure that no one Director has unfettered powers of decision making.
- 21.2.5 The Board has adopted a gender diversity policy and will, in identifying suitable candidates for appointment as Directors, consider candidates on merit against objective criteria and with due regard for the potential benefits of gender diversity at Board level. The Board is in the process of considering a racial diversity policy, with a view to adopting same before the end of the 2018 financial year.
- 21.2.6 The key roles and responsibilities of the Board include acting as the focal point for, and custodian of, corporate governance; determining the strategies and strategic objectives of the STADIO Group and monitoring the implementation of the Board's strategies, decisions, values and policies.
- 21.2.7 Directors disclose their personal financial interests at the start of every Board or committee meeting.
- 21.2.8 STADIO's remuneration policy and the implementation report will be tabled at each annual general meeting of STADIO for a separate non-binding advisory vote by Shareholders. Such policy will record the measures that the Board will adopt should either the remuneration policy or the implementation report, or both, be voted against by 25% or more of the votes exercised at such annual general meeting. In this regard, should 25% or more of the votes exercised on this resolution at the annual general meeting be against such policy or report, STADIO will in its voting results announcement include an invitation to dissenting Shareholders to engage with STADIO and the Board, as well as the manner and timing of such engagement.

21.3 Company secretary

- 21.3.1 STADIO Corporate Services has been appointed as the company secretary of STADIO. Having considered the individuals who perform the company secretary role within STADIO Corporate Services, the Board is satisfied as to the competence, qualifications and experience of the company secretary and its employees and that an arm's length relationship exists between the company secretary and the Board.
- 21.3.2 All Board members have access to the advice and services of the company secretary, who is responsible for the proper administration of the Board and the implementation of sound corporate governance procedures. This includes Board induction and training programmes and the supply of all information to assist Board members in the proper discharge of their duties.
- 21.3.3 The Board is of the opinion that the company secretary is suitably qualified and experienced to carry out its duties as stipulated under section 84 of the Companies Act and the King Code.
- 21.3.4 The Board will annually, through discussion and assessment, review the qualifications, experience and competence of the company secretary.

21.4 Board committees

21.4.1 Audit and risk committee

- 21.4.1.1 STADIO's audit and risk committee has the following members:
 - 21.4.1.1.1 KS Sithole (chairperson of the audit and risk committee);
 - 21.4.1.1.2 RH Stumpf; and
 - 21.4.1.1.3 R Kisten,
- all of whom are independent non-executive Directors.

- 21.4.1.2 The audit and risk committee assists the Board by providing an objective and independent view on the STADIO Group's finance, accounting and control mechanisms and by reviewing and ensuring that consideration is given to the following:
 - 21.4.1.2.1 the accounting policies of the STADIO Group and any proposed revisions thereto;
 - 21.4.1.2.2 the effectiveness of the STADIO Group's information systems and internal controls;
 - 21.4.1.2.3 the appointment and monitoring of the effectiveness of the external auditors;
 - 21.4.1.2.4 the appropriateness, expertise and experience of the chief financial officer;
 - 21.4.1.2.5 setting the principles for recommending the use of external auditors for non-audit services and recommending that these be kept to a minimum;
 - 21.4.1.2.6 the annual report and specifically the annual financial statements included therein;
 - 21.4.1.2.7 the reports of the external auditors;
 - 21.4.1.2.8 the STADIO Group's going concern status; and
 - 21.4.1.2.9 compliance with applicable legislation and requirements of regulatory authorities.
- 21.4.1.3 The audit and risk committee has considered and satisfied itself of the appropriateness of the expertise and experience of Ms S Totaram for the position of chief financial officer.
- 21.4.1.4 In terms of risk management (through consultation with the external auditors), the committee ensures that management's processes and procedures are adequate to identify, assess, manage and monitor group-wide risks.
- 21.4.1.5 This committee will hold at least two meetings per financial year.

21.4.2 **Remuneration committee**

- 21.4.2.1 STADIO's remuneration committee has the following members:
 - 21.4.2.1.1 PN de Waal (chairperson of the remuneration committee);
 - 21.4.2.1.2 RH Stumpf; and
 - 21.4.2.1.3 R Kisten.
- 21.4.2.2 All of the members of the remuneration committee are non-executive Directors, with a majority of such non-executive Directors being independent.
- 21.4.2.3 The remuneration committee is primarily responsible for reviewing and approving executive Directors' remuneration. Further, the remuneration committee assists the Board in reviewing non-executive Directors' remuneration recommendations. In doing so, it takes cognisance of both local and international best practices to ensure that such total remuneration is fair and reasonable to both the Directors and STADIO. This committee will hold at least two meetings per financial year.
- 21.4.2.4 Fees payable to Directors are recommended by the Board to the Shareholders at annual general meetings for approval.

21.4.3 **Social and ethics committee**

- 21.4.3.1 STADIO's social and ethics committee comprises of the following members:
 - 21.4.3.1.1 R Kisten (chairperson of the social and ethics committee);
 - 21.4.3.1.2 KS Sithole; and
 - 21.4.3.1.3 CR van der Merwe.
- 21.4.3.2 The social and ethics committee monitors STADIO's activities, having regard to any relevant legislation, other legal requirements and prevailing codes of best practice, in respect of social and economic development, good corporate citizenship (including the promotion of equality, prevention of unfair discrimination, the environment, health and public safety, including the impact of STADIO's activities and of its products or services), stakeholder and consumer relationships and labour and employment issues.
- 21.4.3.3 The social and ethics committee draws to the attention of the Board, matters within its mandate as occasion requires and reports to the Shareholders at STADIO's annual general meeting on such matters.
- 21.4.3.4 in order to carry out its functions, the social and ethics committee will be entitled to request information from any Directors or employees of STADIO, attend and be heard at general Shareholders' meetings, and receive notices in respect of such meetings.
- 21.4.3.5 The members of the social and ethics committee are executive and non-executive Directors, with a majority being non-executive Directors.
- 21.4.3.6 This committee will hold at least one meeting per financial year.

21.5 Internal controls

- 21.5.1 STADIO maintains financial and operational systems of internal control to ensure the reliability of financial information. These controls aim to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material losses, unauthorised acquisition, use or disposal, and that transactions are properly authorised and recorded.
- 21.5.2 The internal control systems are monitored on a continuous basis, with a view to correcting any control deficiencies as they are identified.
- 21.5.3 The Board, operating through the audit and risk committee, oversees the financial reporting process and internal control systems.

21.6 Information technology

The risks regarding the security, back-up, conversion and update of the information technology systems are continually assessed by STADIO. Disaster recovery plans are regularly reviewed as disruptions to critical management information could have an impact on continuing operations.

21.7 Share Dealing Policy and Guidelines

21.7.1 No employee of STADIO in possession of material non-public information in respect of STADIO or any of its Subsidiaries or any of their associates in whichever country, may buy or sell securities/shares of STADIO or its Subsidiaries, or engage in any other action to take advantage of such information.

21.7.2 To avoid even the appearance of an improper transaction, employees must clear any proposed transaction in securities of STADIO with the chief executive officer and/or chief financial officer through the company secretary before carrying out the transaction. This requirement applies to dealings in securities of STADIO outside of any closed periods. During closed periods, transactions in securities of STADIO by Directors and employees who have access to unpublished price-sensitive information are prohibited.

21.7.3 Insider trading prohibitions

Securities law provides for severe penalties for insider trading i.e. individuals who trade in securities on the basis of material non-public information or tip such information to others, including civil penalties, criminal fines (regardless of the amount of profit), and imprisonment. Material non-public information is any information which is not available to the general public that a reasonable investor would consider important in making a decision to buy, hold or sell securities of STADIO. Material information includes any information which could reasonably be expected to affect the price of securities (e.g. reports of earnings or losses, news of a pending or proposed merger, acquisition or tender offer, irrespective of whether it is negative or positive information).

21.7.4 Rules for all employees

21.7.4.1 If an employee of any STADIO Group Company has material non-public price sensitive information with respect to the STADIO Group, neither that person nor any associate may buy or sell securities of STADIO or engage in any other action to take advantage of, or pass on to others, that information, or make any recommendation with respect to the purchase or sale of securities of STADIO.

21.7.4.2 This also applies to non-public price sensitive information relating to third party companies obtained in the course of employment with the STADIO Group.

21.7.4.3 No employee in possession of material non-public information may purchase securities of STADIO on margin, make short sales of securities or buy or sell puts or calls on the securities.

21.7.4.4 Transactions that are required for independent, non-investment reasons (such as the need to raise money) are no exception.

21.7.5 Rules for officers, directors and employees who have access to unpublished price sensitive information

21.7.5.1 These persons are precluded from trading in securities of STADIO during "closed periods" as defined from time to time by the Board, which apply during the collation of results relating to financial periods ending in December and June respectively, until the release of the results or for any period during which STADIO is trading under a cautionary.

21.7.5.2 Prior to dealing in securities of STADIO (even outside closed periods), prior clearance must be obtained from the chief executive officer through the company secretary.

22. EXCHANGE CONTROL

22.1 The following summary is intended as a guide and is therefore not comprehensive. If you are in any doubt hereto, please consult your attorney, accountant or professional advisor.

22.2 In terms of the Exchange Control Regulations:

22.2.1 a former resident of the Common Monetary Area who has emigrated, may use emigrant blocked funds to subscribe for Shares detailed in this Pre-listing Statement;

22.2.2 all payments in respect of the subscriptions for Shares by an emigrant, using emigrant blocked funds, must be made through the authorised dealer in foreign exchange controlling the blocked assets;

22.2.3 any Shares issued pursuant to the use of emigrant blocked funds, will be credited to their blocked share accounts at the CSDP controlling their blocked portfolios;

- 22.2.4 Shares subsequently re-materialised and issued in certificated form, will be endorsed “Non-Resident” and will be sent to the authorised dealer in foreign exchange through whom the payment was made; and
 - 22.2.5 if applicable, refund monies payable in respect of unsuccessful applications or partly successful applications, as the case may be, for Shares in terms of this Pre-listing Statement, emanating from emigrant blocked accounts, will be returned to the authorised dealer in foreign exchange through whom the payments were made, for credit to such applicants’ blocked accounts.
- 22.3 Shareholders resident outside the Common Monetary Area should note that, where Shares are subsequently re-materialised and issued in certificated form, such share certificates will be endorsed “Non-Resident” in terms of the Exchange Control Regulations.
- 22.4 **Emigrants from the Common Monetary Area**
- 22.4.1 A former resident of the Common Monetary Area who has emigrated from South Africa may use blocked Rand to subscribe for Shares.
 - 22.4.2 All payments in respect of the subscription for Shares by emigrants using blocked Rand must be made through the authorised dealer in foreign exchange controlling the block assets.
 - 22.4.3 Statements issued to Dematerialised Shareholders will be restrictively endorsed as “NON-RESIDENT”.
 - 22.4.4 If applicable, refund monies in respect of unsuccessful applications, emanating from blocked Rand accounts, will be returned to the authorised dealer administering such blocked Rand accounts for the credit of such applicant’s blocked Rand account.
 - 22.4.5 No residents of the Common Monetary Area may, either directly or indirectly, be permitted to receive an allocation as employees of any offshore Subsidiaries.
- 22.5 **Applicants resident outside the Common Monetary Area**
- 22.5.1 In terms of the Exchange Control Regulations of South Africa, non-residents of the Common Monetary Area to whom this Pre-listing Statement is addressed, may apply for Shares, provided that payment is received in foreign currency or in Rand from a non-resident account. All applications by non-residents in respect of the above must be made through an authorised dealer in foreign exchange. Shares subsequently re-materialised and issued in certificated form, will be endorsed “Non-Resident”.
 - 22.5.2 A person who is not resident in the Common Monetary Area should obtain advice as to whether any government and/or legal consent is required and/or whether any other formality must be observed to enable an application to be made in terms of the Pre-listing Statement.
 - 22.5.3 This Pre-listing Statement is accordingly not an offer in any area or jurisdiction in which it is illegal to make such an offer. In such circumstances, this Pre-listing Statement is provided for information purposes only.

23. **GOVERNMENT PROTECTION AND INVESTMENT ENCOURAGEMENT LAW**

There is no Governmental protection or investment encouragement law affecting STADIO or its Subsidiaries.

24. **LITIGATION**

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which STADIO is aware, which may have, or have during the 12 months preceding the Last Practicable Date had, a material effect on the financial position of the STADIO Group.

25. **MATERIAL CONTRACTS**

Save for the Material Acquisition Agreements, details of which are set out in paragraphs 12 and 13 of this Pre-listing Statement, and as otherwise provided herein, no material contracts (including restrictive funding arrangements) have been entered into by any STADIO Group Companies, other than in the ordinary course of business, (i) within the two years prior to the date of this Pre-listing Statement or, (ii) at any other time where such agreement contains an obligation or settlement that is material to STADIO as at the date of this Pre-listing Statement.

26. **EXPERTS’ CONSENTS**

The Independent Reporting Accountant and each of the experts, whose names appear in the “*Corporate Information*” section of this Pre-listing Statement, have given and have not, prior to the formal approval of this Pre-listing Statement by the JSE, withdrawn their written consents to the inclusion of their names, and acting in the capacities stated and, where applicable, to their reports, in this Pre-listing Statement.

27. EXPENSES

STADIO's preliminary and issue expenses relating to the Listing, which have been incurred or which are expected to be incurred, including the fees payable to professional advisors, are anticipated to amount to approximately R3 774 000, excluding VAT, and include the following:

Nature of Expense	Payable to	R'000
Transaction Advisor and Sponsor fees	PSG Capital	1 500
Independent Sponsor fees	Questco	120
Independent Reporting Accountant fees	PricewaterhouseCoopers	1 105
Independent Reporting Accountant fees	Middel & Partners	60
Independent Reporting Accountant fees	Grant Thornton	90
Documentation inspection fees	JSE	120
Listing fees	JSE	273
Transfer Secretaries fees	Computershare	60
Strate fees	Strate	10
Printing, publication and distribution	Greymatter & Finch	130
Contingency		306
Estimated Total		3 774

28. RESPONSIBILITY STATEMENT

The Directors, whose names are set out in the "Corporate Information" section of this Pre-listing Statement, collectively and individually accept full responsibility for the accuracy of the information contained in this Pre-listing Statement which relates to STADIO and, in this regard, 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 have been made and that this Pre-listing Statement contains all information required by the JSE Listings Requirements.

29. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the registered office of STADIO and at the Stellenbosch and Johannesburg offices of PSG Capital at the addresses referred to in the "Corporate Information" section of this Pre-listing Statement, during normal office hours from the date of issue of this Pre-listing Statement until the Listing Date:

- 29.1 the MOI of STADIO and the memorandum of incorporation of its Major Subsidiaries;
- 29.2 the STADIO SIT Deed;
- 29.3 the historical financial information of STADIO as at 31 December 2016, as reproduced in **Annexure 1** of this Pre-listing Statement;
- 29.4 the historical financial information of Embury for the years ended 31 December 2016, 2015 and 2014, as reproduced in **Annexure 3** of this Pre-listing Statement;
- 29.5 the segmented financial information of Curro's higher education division, which includes STADIO and Embury, for the six months ended 30 June 2017, as reproduced in **Annexure 6** of this Pre-listing Statement;
- 29.6 the historical financial information of AFDA for the years ended 31 December 2016, 2015 and 2014, as reproduced in **Annexure 7** of this Pre-listing Statement;
- 29.7 the consolidated historical financial information of Intraframe for the years ended 31 December 2016, 2015 and 2014, as reproduced in **Annexure 9** of this Pre-listing Statement;
- 29.8 the *pro forma* financial information of STADIO, as reproduced in **Annexure 11** of this Pre-listing Statement;
- 29.9 the forecast financial information of STADIO, as reproduced in **Annexure 13** of this Pre-listing Statement;
- 29.10 the following reports by the Independent Reporting Accountants:
 - 29.10.1 the Independent Reporting Accountant's report on the historical financial information of STADIO, as reproduced in **Annexure 2** of this Pre-listing Statement;
 - 29.10.2 the Independent Reporting Accountant's report on the historical financial information of Embury for the years ended 31 December 2015 and 2014, as reproduced in **Annexure 4** of this Pre-listing Statement;
 - 29.10.3 the Independent Reporting Accountant's report on the historical financial information of Embury for the year ended 31 December 2016, as reproduced in **Annexure 5** of this Pre-listing Statement;
 - 29.10.4 the Independent Reporting Accountant's report on the historical financial information of AFDA, as reproduced in **Annexure 8** of this Pre-listing Statement;
 - 29.10.5 the Independent Reporting Accountant's report on the consolidated historical financial information of Intraframe, as reproduced in **Annexure 10** of this Pre-listing Statement;

- 29.10.6 the Independent Reporting Accountant's report on the *pro forma* financial information of STADIO, as reproduced in **Annexure 12** of this Pre-listing Statement; and
- 29.10.7 the Independent Reporting Accountant's report on the forecast financial information of STADIO, as reproduced in **Annexure 14** of this Pre-listing Statement;
- 29.11 the employment agreements of the executive Directors;
- 29.12 the Material Acquisition Agreements;
- 29.13 written consent letters by experts and advisors, as referred to in paragraph 26 above; and
- 29.14 a copy of this Pre-listing Statement and all other annexures hereto.

SIGNED AT DURBANVILLE ON 15 SEPTEMBER 2017 BY DR CHRIS VAN DER MERWE ON BEHALF OF ALL THE DIRECTORS OF STADIO, AS LISTED BELOW, IN TERMS OF POWERS OF ATTORNEY SIGNED BY SUCH DIRECTORS



DR CHRIS VAN DER MERWE

CR van der Merwe
S Totaram
D Singh
RH Stumpf
R Kisten
KS Sithole
PN de Waal
A Mellet (alternate Director to PN de Waal)

HISTORICAL FINANCIAL INFORMATION OF STADIO AS AT 31 DECEMBER 2016

The definitions and interpretations commencing on page 13 of the Pre-listing Statement apply to this **Annexure 1**.

Introduction

The historical financial information of STADIO set out below has been extracted from the consolidated audited annual financial information of STADIO for the year ended 31 December 2016 (“**Historical Financial Information**”). The Historical Financial Information is the responsibility of the Directors. The Historical Financial Information was prepared in accordance with IFRS and interpretations adopted by the International Accounting Standards Board (“**IASB**”) and were audited by PricewaterhouseCoopers Inc., who issued an unqualified audit opinion thereon. The independent reporting accountant’s report on the Historical Financial Information is presented in **Annexure 2**.

Commentary

The company was incorporated on 25 August 2016. The company changed its name from “Embury Holdings Proprietary Limited” to STADIO Holdings Limited during 2017. On 28 February 2017 Curro announced its intention to unbundle its entire interest in STADIO and to list STADIO on the JSE.

STADIO is an investment holding company that focusses on the acquisition of, investment in, growth and development of higher education institutions to assist in meeting the demand for quality and relevant higher education programmes in Southern Africa. It intends to acquire and grow existing higher education brands, fund further expansions of existing brands and oversee the greenfield development of new brands.

The STADIO Group will have diverse offerings including undergraduate and post graduate programmes (higher certificates, diplomas and degrees), in order to provide students with a real chance of finding employment post qualification. As the investment holding company of the various education institutions, STADIO will monitor the business success and drive efficiencies, innovations and best practices across the STADIO Group.

Results

There was no activity in STADIO, other than an issue of Shares to Curro for the year ended 31 December 2016.

Growth Prospects

STADIO intends to create a Multiversity. A Multiversity is defined as a large, diverse institution of higher learning created to educate for life and for a profession, and to grant degrees, higher certificates and diplomas.

As a Multiversity, STADIO will own various registered higher education institutions, with their own brands, campuses and management teams, but will share a common ethos and benefit from the synergies, infrastructure and shared services arising from the STADIO Group structure.

At the Listing Date, STADIO will have:

- 3 registered higher education institutions, namely Embury, AFDA and the Southern Business School;
- 5 faculties, namely (i) Education; (ii) Commerce and Business; (iii) IT; (iv) Law and (v) Arts;
- 28 accredited programmes, ranging from higher certificates and diplomas to post graduate degrees (including masters’ degrees);
- approximately 22 new courses/programmes in the process of development and accreditation, which will be offered by the STADIO Group from the commencement of 2018, 2019 or 2020 academic year;
- 10 registered campuses/sites, including sites in Gauteng, the Western Cape, Kwa-Zulu Natal, Eastern Cape, Botswana (Gaborone) and Namibia (Windhoek); and
- approximately 12 979 registered students.

STADIO will grow its business by focussing on:

- the acquisition of reputable higher education institutions;
- rolling out new campuses across its various brands;
- accrediting further undergraduate and post-graduate degrees, diploma and higher certificate qualifications across the various brands;
- marketing across the various brands and products of the STADIO Group;
- expanding its distance learning offerings across brands; and
- expanding its offering into new faculties, such as Engineering as well as Health and Sciences, in due course.

Dividends

No dividends were declared or paid to shareholders for the period ended 31 December 2016

Directors

The sole director at 31 December 2016 was:

Name	Designation	Changes
JJ Human	Executive	Appointed 25 August 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2016

	Notes	2016 R'000
Assets		
Non-current assets		
Loans to related party	3	-
Total assets		-
Equity and liabilities		
Equity		
Share capital	4	-
Total equity and liabilities		-
Net asset value per Share (cents)		100
Tangible net asset value per Share (cents)		100

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016

	Notes	Share capital R'000	Retained income R'000	Total equity R'000
Balance at date of incorporation – Group		-	-	-
Issue of share capital	4	-	-	-
Total comprehensive income		-	-	-
Balance at 31 December 2016 – Group		-	-	-

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December

	2016 R'000
Net cash from operating activities	-
Net cash from investing activities	-
Proceeds from issue of share capital	-
Loans to related party – holding company	-
Net cash from financing activities	-
Total cash movement for the year	-
Cash at the beginning of the year	-
Total cash at the end of the year	-

ACCOUNTING POLICIES

To the Historical Financial Information for the year ended 31 December

1. PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with IFRS and the Companies Act, as amended. The Historical Financial Information has been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. STADIO's functional currency used for the preparation of the Historical Financial Information is South African Rand and is presented as R'000.

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

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

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

1.1 Significant judgements and sources of estimation uncertainty

In preparing the Historical Financial Information, management is required to make estimates and assumptions that affect the amounts represented in the Historical Financial Information and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the Historical Financial Information.

1.2 Financial instruments

Classification

STADIO classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Financial liabilities at fair value through profit or loss; and
- Financial liabilities measured at amortised cost.

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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 STADIO 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 STADIO, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

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

Impairment losses are recognised in profit or loss.

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

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

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account.

Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to (from) related parties

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 STADIO Group companies are classified as loans and receivables.

Loans from STADIO Group companies are classified as financial liabilities measured at amortised cost.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

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

Standard	Details of amendment	Annual periods beginning on or after
IAS 1, Presentation of Financial information	Disclosure Initiative: Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial information.	1 January 2016

2.2 Standards and interpretations not yet effective

STADIO has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for STADIO's accounting periods beginning on or after 1 January 2017 or later periods. These standards are not expected to have a material impact on STADIO's annual financial information.

Standard	Details of amendment	Annual periods beginning on or after
IFRS 9 Financial Instruments	A final version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition.	1 January 2018
IAS 7 Statement of Cash Flows	Disclosure Initiative: Amendments requiring entities to disclose information about changes in their financing liabilities.	1 January 2017

3. LOANS TO RELATED PARTY

	2016 R'000
Holding company	
Curro	-

The above loan is unsecured, interest free and has no fixed terms of repayment.

4. SHARE CAPITAL

	2016
Authorised number of shares	
Ordinary shares with no par value	1 000
Issued number of shares	
Ordinary shares with no par value	120

Curro, the holding company, directly holds all issued share capital.

5. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the financial assets below:

	2016 Loans and receivables	2016 Total
Loans to related party (R'000)	-	-

6. RELATED PARTIES

Relationship	Name
Holding company:	Curro Holdings Limited
Key members of management in common:	CR van der Merwe
Directors:	AJF Greyling HG Louw B van der Linde CR van der Merwe
Subsidiary company:	STADIO Investment Holdings Proprietary Limited
Key members of management in common:	JJ Human DN Hartshorne
Directors:	DN Hartshorne

Related party balances

	2016 R'000
Loan accounts – Owing by related party	
Curro	-

7. DIRECTORS' EMOLUMENTS

Executive – 2016	Emoluments	Pensions paid	Bonuses	Share options	Total
JJ Human* (R'000)	1 505	161	261	520	2 447

Note:

* JJ Human was appointed as executive director of STADIO from 25 August 2016. His remuneration for 2016 was paid by Curro for services rendered to Subsidiaries of Curro. These share options relate to Curro share options.

8. GOING CONCERN

The Historical Financial Information has been prepared on the going concern basis since the Directors have every reason to believe STADIO has adequate resources in place to continue in operation for the foreseeable future.

9. EVENTS AFTER THE REPORTING PERIOD

No significant events have been identified that have occurred since 31 December 2016 that require disclosure in the Historical Financial Information.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF STADIO AS AT 31 DECEMBER 2016

The definitions and interpretations commencing on page 13 of the Pre-listing Statement apply to this **Annexure 2**.

Board of Directors
STADIO Holdings Limited
Unit 13
San Domenico
10 Church Street
Durbanville
7550

12 September 2017

INDEPENDENT REPORTING ACCOUNTANT'S AUDIT REPORT ON THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

Our opinion

STADIO is issuing the Pre-listing Statement to its shareholders regarding the Listing on the JSE.

In our opinion, the consolidated historical financial information presents fairly, in all material respects, the consolidated financial position of STADIO and its Subsidiaries (together the "**STADIO Group**") as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards and the JSE Listings Requirements.

What we have audited

At your request and solely for the purpose of the Pre-listing Statement to be dated on or about 15 September 2017, STADIO Holdings Limited's consolidated historical financial information as set out in **Annexure 1** of the pre-listing statement comprises:

- the consolidated statement of financial position as at 31 December 2016;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated historical financial information, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Reporting accountant's responsibilities for the audit of the consolidated historical financial information* section of our report.

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

Independence

We are independent of the STADIO Group in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

Purpose of this report

This report has been prepared for the purpose of the pre-listing statement and for no other purpose.

Responsibilities of the directors for the consolidated historical financial information

The directors are responsible for the preparation, contents and presentation of the pre-listing statement and are responsible for ensuring that the STADIO Group complies with the JSE Listings Requirements. The directors are responsible for the preparation and fair presentation of the consolidated historical financial information in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated historical financial information that are free from material misstatement, whether due to fraud or error.

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

Reporting accountant's responsibilities for the audit of the consolidated historical financial information

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

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

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

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

PricewaterhouseCoopers Inc.

Director: D de Jager

Registered Auditor

Stellenbosch

HISTORICAL FINANCIAL INFORMATION OF EMBURY FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

The definitions and interpretations commencing on page 13 of the Pre-listing Statement apply to this **Annexure 3**.

Introduction

The historical financial information of Embury set out below has been extracted from the audited annual financial information of Embury for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 ("**Historical Financial Information**"). The Historical Financial Information is the responsibility of the Directors. The Historical Financial Information was prepared in accordance with IFRS and interpretations adopted by the International Accounting Standards Board ("**IASB**") and were audited by PricewaterhouseCoopers Inc (2016) and Grant Thornton (2015 and 2014), who issued an unqualified audit opinion thereon. The independent reporting accountant's report on the Historical Financial Information is presented in **Annexure 4** and **Annexure 5**.

Commentary

Embury is a fully accredited private higher education institution that specialises in teacher education, specifically for pre-school and primary school teachers (Foundation and Intermediate Phases).

Embury was established in 1995 and adopts a teaching practice model that sets it apart from all other institutions that train teachers in South Africa. Where other institutions, including public universities, require that students spend about 6 weeks per year doing teaching practice in a school as a single block session, Embury's students spend one week in class and one week in a school during each of the first three years of its four-year BEd Foundation Phase degree. This means that:

- Embury's students spend much more time in the classroom gaining practical teaching experience than other students doing a BEd degree in South Africa;
- Embury's students experience a continuous flow of the theory and practice of teaching during their studies, rather than a single block session per year;
- Embury's students can therefore continuously reflect on, evaluate and improve on their teaching practice;
- Embury's students can learn from each other's teaching practice experiences during their bi-weekly classroom sessions; and
- Embury receives continuous feedback on its teaching practice processes, methodologies and assessment practices (from student teachers and from schools), which are used to adapt and improve.

In addition to the full-time qualifications, Embury offers a variety of very popular Continuing Professional Teacher Development ("**CPTD**") short courses that are aimed at existing teachers. Embury is in the process of developing and registering a number of new courses and degrees which will include Bachelor of Commerce degrees and a PGDA.

Embury is also converting and registering its campus-based courses into distance learning offerings.

Embury has campuses in Durban accommodating approximately 1 000 students. New campuses will open in Musgrave (KwaZulu-Natal), Montana (Pretoria) and Waterfall (Midrand) in 2018.

Results

The compound annual growth rate for revenue since 2014 is 25.4% which is attributable to new programmes being offered as well as increased demand for continuous profession training and development (CPTD) short courses.

Profit after tax increased to R8.3 million (2015: R5.3 million, 2014: R5.5 million) due to the increase in CPTD revenue, which had higher profit margins than full time qualifications.

Balance sheet

During the 2016 year R72.9 million was spent on property, plant and equipment, which included the acquisition and expansion of the Montana campus, which will open its doors in 2018.

Capital expenditure relating to research and development of new qualifications amounted to R12.2 million.

The funding required for expansion and construction of new campuses was received from its shareholder, Curro, through a loan of R210.7 million. The loan will be capitalised to equity prior to the Listing.

Growth prospects

Embury's head office and main campus building is currently situated in Morningside (Durban) which accommodates 1 000 students. The Durban campus is relocating to a new campus in Musgrave (Durban), which is currently under construction. The new campus will open its doors in 2018 and will accommodate 2 700 students.

Two additional campuses are opening in 2018 in Gauteng, namely Montana and Waterfall which will each accommodate 1 700 students.

A key focus will be placed on expanding distance learning offerings in the Embury group.

The distance learning study method also presents an exciting platform to expand product delivery.

Dividends

No dividends were declared or paid to shareholders during the year (2015: R nil, 2014: R nil).

Directorate

Directors	Designation	Office	Changes
AJF Greyling	Non-executive		Resigned 5 December 2016
JJ Human	Executive	Chief Executive Officer	
HG Louw	Non-executive		Resigned 5 December 2016
S Totaram	Executive *		Appointed 5 December 2016
			* S Totaram was subsequently appointed as a non-executive director with effect from 17 April 2017.
B van der Linde	Non-executive		Resigned 5 December 2016
CR van der Merwe	Non-executive	Chairman of the board	

Events after reporting date

The Directors are not aware of any further matters or circumstances that occurred between the end of the financial year and the date of this report that would require adjustments to the Historical Financial Information.

STATEMENT OF FINANCIAL POSITION
at 31 December

	Notes	2016 R'000	2015 R'000	2014 R'000
Assets				
Non-current assets				
Property, plant and equipment	3	73 806	1 948	2 070
Intangible assets	4	20 065	7 525	976
Deferred tax	5	–	384	1 370
		93 871	9 857	4 416
Current assets				
Inventories	6	3 807	2 719	2 714
Loans to related parties	7	229	4 227	6 668
Current tax receivable		3 808	1 244	231
Trade and other receivables	8	2 873	3 946	2 675
Cash and cash equivalents	9	147 271	7 189	4 206
		157 988	19 325	16 494
Total assets		251 859	29 182	20 910
Equity and liabilities				
Total equity				
Share capital	11	–	–	–
Retained Income		26 859	18 524	13 235
		26 859	18 524	13 235
Non-current liabilities				
Deferred tax	5	2 857	–	–
		2 857	–	–
Current liabilities				
Loans from related parties	7	210 664	–	21
Income received in advance		7 373	6 846	5 250
Trade and other payables	10	4 106	3 812	2 404
		222 143	10 658	7 675
Total liabilities		225 000	10 658	7 675
Total equity and liabilities		251 859	29 182	20 910
Net asset value per share (cents)		22 382 500	15 436 667	11 029 167
Tangible net asset value per share (cents)		5 661 667	9 165 833	10 215 833

STATEMENT OF COMPREHENSIVE INCOME
at 31 December

	Notes	2016 R'000	2015 R'000	2014 R'000
Revenue	13	47 525	38 539	31 850
Operating expenses		(36 557)	(30 941)	(24 300)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		10 968	7 598	7 550
Depreciation and amortisation	14	(1 045)	(1 041)	(757)
Earnings before interest and tax (EBIT)		9 923	6 557	6 793
Investment revenue	15	1 654	790	854
Finance costs	16	–	–	–
Profit before taxation		11 577	7 347	7 647
Taxation	17	(3 242)	(2 057)	(2 141)
Profit for the year		8 335	5 290	5 506
Other comprehensive income		–	–	–
Total comprehensive income for the year		8 335	5 290	5 506
Earnings per share (cents)		6 945 833	4 408 333	4 588 333
Diluted earnings per share (cents)		6 945 833	4 408 333	4 588 333

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December

	Share capital R'000	Retained profit R'000	Total R'000
Balance 1 January 2014	–	7 728	7 728
Profit for the year	–	5 506	5 506
Other comprehensive income	–	–	–
Total comprehensive income	–	5 506	5 506
Balance 31 December 2014	–	13 234	13 234
Profit for the year	–	5 290	5 290
Other comprehensive income	–	–	–
Total comprehensive income	–	5 290	5 290
Balance 31 December 2015	–	18 524	18 524
Profit for the year	–	8 335	8 335
Other comprehensive income	–	–	–
Total comprehensive income	–	8 335	8 335
Balance 31 December 2016	–	26 859	26 859

STATEMENT OF CASH FLOWS

for the year ended 31 December

	Notes	2016 R'000	2015 R'000	2014 R'000
Cash flow from operating activities		10 857	8 050	6 736
Cash generated from operations	21	11 766	9 345	9 618
Interest income	15	1 654	791	855
Finance costs	16	-	-	-
Income tax paid	22	(2 563)	(2 086)	(3 737)
Cash flow from investment activities		(85 436)	(7 487)	(2 350)
Purchase of property, plant and equipment	3	(72 904)	(938)	(1 381)
Proceeds on disposal of property, plant and equipment		8	-	7
Purchase of trademarks and other intellectual property	4	(309)	(23)	(976)
Expenditure on product development	4	(12 231)	(6 526)	-
Cash flow from financing activities		214 661	2 420	(6 217)
Movement in loans from related parties		214 661	2 420	(6 217)
Total cash movement for the year		140 082	2 983	(1 831)
Cash at the beginning of the year		7 189	4 206	6 037
Cash and cash equivalents at the end of the year	9	147 271	7 189	4 206

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL INFORMATION

The financial information have been prepared on the going concern basis and in accordance with IFRS, the SAICA Financial Reporting Guides and the Companies Act 71 of 2008. The financial information has been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rand.

These accounting policies are consistent with the previous year, except for standards included in note 2.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Embury takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based payments, leasing transactions that are within the scope of IAS17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

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

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

1.1 Significant judgements and sources of estimation uncertainty

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

Internally generated training programmes ("Curriculum Development")

Embury is in the process of developing and registering a number of new programmes (degrees, diplomas and higher certificates) as well as converting and registering campus-based courses into distance learning offerings.

Curriculum development costs directly attributable to the development of new curriculum are recorded as intangible assets by Embury when the criteria in note 1.3 have been met.

The assessment as to when these criteria have been met is subjective and capitalisation has been based on management best judgement of facts and circumstances in existence at year end.

The useful lives of curriculum costs capitalised are reviewed on an annual basis.

Useful lives and residual values

The estimated useful lives for property, plant and equipment are set out in note 1.2. Estimated useful lives and residual values are reviewed annually, taking in cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the education industry where the assets are used.

1.2 Property, plant and equipment

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

- is probable that future economic benefits associated with the item will flow to Embury; 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 is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Item	Average useful life
Land	Not depreciated
Buildings	75 to 90 years
Furniture and fixtures	6 years
Office equipment	6 years
Other fixed assets	6 years
Computer hardware	3 years
Computer software	3 years
Motor Vehicles	5 years
Small assets (Interpretation Note 47)	1 year
Leasehold Improvements	Shorter of the rates above or the lease period

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.

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.

Development costs previously expensed are not recognised as an asset in subsequent periods if the criteria are subsequently met.

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

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

Directly attributable cost that is capitalised as part of intangible assets include curriculum development employee costs, registration and accreditation costs paid directly to the Council for Higher Education and an appropriate portion of relevant overheads.

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.

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

Item	Average useful life
New curriculum development	Duration of specific course plus two years (to coincide with graduation eligibility timeline)

1.4 Financial instruments

Embury classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Financial liabilities at fair value through profit or loss; and
- Financial liabilities measured at amortised cost.

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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 Embury 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 Embury, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

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

Impairment losses are recognised in profit or loss.

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

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

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to (from) related parties

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

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

Bank overdraft and borrowings

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

1.5 Tax

Current tax assets and liabilities

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

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 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.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

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 asset. This liability is not discounted.

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

1.7 Inventories

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

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

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

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

1.8 Share capital and equity

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

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

1.9 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.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.10 Revenue

Revenue from the sale of learning materials is recognised when all the following conditions have been satisfied:

- Embury has transferred to the buyer the significant risks and rewards of ownership of the goods;
- Embury retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to Embury; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to Embury;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

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

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

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

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.11 Cost of sales

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

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

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

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

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

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

1.13 **Business combinations**

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

Non-controlling interests arising from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

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

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

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

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

Standard	Details of amendment	Annual periods beginning on or after
IFRS 7 Financial Instruments: Disclosure	Annual Improvements 2012-2014 Cycle: Amendment clarifying under what circumstances an entity will have continuing involvement in a transferred financial asset as a result of servicing contracts.	1 January 2016
	Annual Improvements 2012-2014 Cycle: Amendment clarifying the applicability of previous amendments to IFRS 7 issued in December 2011 with regard to offsetting financial assets and financial liabilities in relation to interim financial information prepared under IAS 34.	1 January 2016
IAS 1, Presentation of Financial information	Disclosure Initiative: Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial information.	1 January 2016
IAS 16 Property, Plant and Equipment	Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	1 January 2016
IAS 19 Employee Benefits	Annual Improvements 2012-2014 Cycle: Clarification of the requirements of to determine the discount rate in a regional market sharing the same currency.	1 January 2016
IAS 38 Intangible Assets	Amendments to IAS 16 and IAS 38 to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset.	1 January 2016
	Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	1 January 2016

2.2 Standards and interpretations not yet effective

Embury has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for Embury's accounting periods beginning on or after 1 January 2017 or later periods. Management is still considering the impact of standards published, but not yet effective.

Standard	Details of amendment	Annual periods beginning on or after
IFRS 9 Financial Instruments	A final version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition.	1 January 2018
IFRS 15 Revenue from Contracts from Customers	New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers.	1 January 2018
IFRS 16 Leases	New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows.	1 January 2019
	IFRS 16 contains expanded disclosure requirements for lessees.	1 January 2019
	IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.	
IAS 7 Statement of Cash Flows	Disclosure Initiative: Amendments requiring entities to disclose information about changes in their financing liabilities.	1 January 2017
IAS 12 Income Taxes	Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12): Narrow-scope amendment to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017

NOTES TO THE ANNUAL FINANCIAL INFORMATION

3. PROPERTY, PLANT AND EQUIPMENT

	2016		
	Cost R'000	Accumulated Depreciation R'000	Carrying value R'000
Land	10 099	–	10 099
Buildings	53 579	–	53 579
Leasehold improvements	524	(8)	516
Furniture and fixtures	1 914	(884)	1 030
Office equipment	866	(588)	278
Computer hardware	6 523	(2 421)	4 102
Computer software	3 939	(423)	3 516
Other fixed assets	373	(61)	312
Motor Vehicles	390	(16)	374
Total	78 207	(4 401)	73 806

	2015		
	Cost R'000	Accumulated Depreciation R'000	Carrying value R'000
Land	–	–	–
Buildings	–	–	–
Leasehold improvements	–	–	–
Furniture and fixtures	1 228	(703)	525
Office equipment	752	(508)	244
Computer hardware	2 666	(1 777)	889
Computer software	599	(327)	272
Other fixed assets	59	(41)	18
Motor Vehicles	–	–	–
Total	5 304	(3 356)	1 948

	2014		
	Cost R'000	Accumulated Depreciation R'000	Carrying value R'000
Land	–	–	–
Buildings	–	–	–
Leasehold improvements	–	–	–
Furniture and fixtures	1 136	(531)	605
Office equipment	671	(428)	243
Computer hardware	2 109	(1 138)	971
Computer software	427	(190)	237
Other fixed assets	42	(28)	14
Total	4 385	(2 315)	2 070

Reconciliation of property, plant and equipment – 2016

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Land	–	10 099	–	–	10 099
Buildings	–	53 579	–	–	53 579
Leasehold improvements	–	524	–	(8)	516
Furniture and fixtures	525	686	–	(181)	1 030
Office equipment	243	114	–	(79)	278
Computer hardware	889	3 857	–	(645)	4 101
Computer software	272	3 340	–	(96)	3 516
Other fixed assets	18	315	–	(20)	313
Motor Vehicles	–	390	–	(16)	374
Total	1 947	72 904	–	(1 045)	73 806

Reconciliation of property, plant and equipment – 2015

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Land	-	-	-	-	-
Buildings	-	-	-	-	-
Leasehold improvements	-	-	-	-	-
Furniture and fixtures	605	93	-	(173)	525
Office equipment	243	81	-	(81)	243
Computer hardware	971	577	(20)	(638)	890
Computer software	237	172	-	(137)	272
Other fixed assets	14	16	-	(13)	18
Motor Vehicles	-	-	-	-	-
Total	2 070	939	(20)	(1 042)	1 948

Reconciliation of property, plant and equipment – 2014

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Land	-	-	-	-	-
Buildings	-	-	-	-	-
Leasehold improvements	-	-	-	-	-
Furniture and fixtures	537	239	-	(171)	605
Office equipment	181	136	-	(74)	243
Computer hardware	621	755	-	(405)	971
Computer software	89	242	-	(94)	237
Other fixed assets	18	9	-	(13)	14
Motor Vehicles	-	-	-	-	-
Total	1 446	1 381	-	(757)	2 070

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

4. INTANGIBLE ASSETS

	2016		Carrying value R'000
	Cost R'000	Accumulated amortisation R'000	
Trademarks registered	35	-	35
Other intellectual property	298	-	298
Research and development – distance and contact learning programmes	19 732	-	19 732
Total	20 065	-	20 065

	2015		Carrying value R'000
	Cost R'000	Accumulated amortisation R'000	
Trademarks registered	23	-	23
Other intellectual property	-	-	-
Research and development – distance and contact learning programmes	7 502	-	7 502
Total	7 525	-	7 525

	2014		Carrying value R'000
	Cost R'000	Accumulated amortisation R'000	
Research and development – distance and contact learning programmes	976	–	976
Total	976	–	976

Reconciliation of intangible assets – 2016

	2016		Carrying value R'000
	Opening balance R'000	Additions R'000	
Trademarks registered	23	12	35
Other intellectual property	–	298	298
Research and development – distance and contact learning programmes	7 502	12 231	19 732
Total	7 525	12 541	20 065

Reconciliation of intangible assets – 2015

	2015		Carrying value R'000
	Opening balance R'000	Additions R'000	
Trademarks registered	–	23	23
Other intellectual property	–	–	–
Research and development – distance and contact learning programmes	976	6 526	7 502
Total	976	6 548	7 525

Reconciliation of intangible assets – 2014

	2014		Carrying value R'000
	Opening balance R'000	Additions R'000	
Trademarks registered	–	–	–
Other intellectual property	–	–	–
Research and development – distance and contact learning programmes	–	976	976
Total	–	976	976

Other information

Included in additions is expenditure capitalised as internally generated curriculum of R12 231 143 (2015: R6 525 319) (2014: R975 957).

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

5. DEFERRED TAX

	2016 R'000	2015 R'000	2014 R'000
Deferred tax liability			
Property, plant and equipment	(174)	–	–
Pre-paid expenses	(189)	(161)	(100)
Research and development – staff costs	(5 525)	(1 372)	–
Total	(5 888)	(1 533)	(100)
Deferred tax asset			
Provision for Bonus	216	–	–
Income received in advance	2 064	1 917	1 470
Tax losses	751	–	–
Total	3 031	1 917	1 470
Deferred tax liability	(5 888)	(1 533)	(100)
Deferred tax asset	3 031	1 917	1 470
Total net deferred tax (liability)/asset	(2 857)	(384)	1 370
Reconciliation of deferred tax asset/(liability)			
At the beginning of the year	384	1 370	1 215
Taxable temporary difference – income received in advance	147	447	255
Taxable temporary difference – provision for bonus	216	–	–
Taxable temporary difference – tax losses	751	–	–
(Deductible) temporary difference – PPE	(174)	–	–
(Deductible) temporary difference – prepaid expenses	(28)	(61)	(100)
(Deductible) temporary difference – research and development	(4 153)	(1 372)	–
Total	(2 857)	384	1 370

Recognition of deferred tax asset

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

6. INVENTORIES

	2016 R'000	2015 R'000	2014 R'000
Textbooks and other learning materials	3 692	2 648	2 670
Canteen stock	67	8	15
Sports equipment	48	63	29
Total	3 807	2 719	2 714

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

7. LOANS TO (FROM) RELATED PARTIES

	2016 R'000	2015 R'000	2014 R'000
Almika Properties 90 Proprietary Limited	229	–	(21)

The above loan is unsecured, interest free and has no fixed terms of repayment.

Holding company

Curro Holdings Limited	(210 664)	4 227	6 668
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The above loan is unsecured, interest free and has no fixed terms of repayment. The STADIO Group effected an intergroup restructure, by way of an asset for share transfer transaction in terms of section 42 of the Income Tax Act. This restructure included the capitalisation of the Curro loan to STADIO Investment Holdings in exchange for shares in STADIO Investment Holdings and then ultimately in exchange for Shares in STADIO.

Current assets	229	4 227	6 668
Current liabilities	(210 664)	–	(21)
Total	(210 435)	4 227	6 647

8. TRADE AND OTHER RECEIVABLES

	2016 R'000	2015 R'000	2014 R'000
Trade receivables	1 990	3 261	2 231
Prepayments	674	565	347
Deposits	157	107	70
Staff costs paid in advance	52	13	17
Other receivables	-	-	10
	2 873	3 946	2 675

Reconciliation of provision for impairment of trade and other receivables

	2016 R'000	2015 R'000	2014 R'000
Opening balance	-	-	-
Provision for impairment	(739)	(308)	(221)
Amounts written off as uncollectible	739	308	221
	-	-	-

Interest is charged on overdue accounts at 2% per annum.

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

No credit insurance is taken out by Embury.

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

Trade and other receivables past due but not impaired

Trade receivables with renegotiated terms of payment or with acceptable payment history are not considered to be impaired. At 31 December 2016, R1 989 900 (2015: R3 261 532) (2014: 1 738 321) were past due but not impaired.

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

	2016 R'000	2015 R'000	2014 R'000
1 month past due	100	832	272
2 months past due	60	81	32
3 months past due	1 568	1 704	1 355
	1 728	2 617	1 660

9. CASH AND CASH EQUIVALENTS

	2016 R'000	2015 R'000	2014 R'000
Cash and cash equivalents consist of:			
Cash on hand	5	5	-
Bank balances	1 174	1 505	817
Short Term Deposits	146 092	5 679	3 389
	147 271	7 189	4 206

The total value of facilities including credit cards available to Embury from Standard Bank of South Africa Limited are approximately R321 000 (2015 and 2014: R236 000). The total amount of undrawn facilities available for future operating activities and commitments are approximately R314 000 (2015 and 2014: R221 000).

10. TRADE AND OTHER PAYABLES

	2016 R'000	2015 R'000	2014 R'000
Trade payables	2 101	3 055	1 894
UNISA royalties	-	-	22
Other payables	-	-	1
Payroll accruals	1 234	757	487
Payroll provisions	771	-	-
	4 106	3 812	2 404

11. SHARE CAPITAL

	2016	2015	2014
Authorised number of shares:	1 000	1 000	1 000
Ordinary shares with R1 par value	120	120	120

All issued share capital is directly held by Curro, the holding company.

12. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

	2016	
	Loan and receivables R'000	Total R'000
Loans to related parties	229	229
Trade and other receivables	2 042	2 042
Cash and cash equivalents	147 271	147 271
	149 542	149 542

	2015	
	Loan and receivables R'000	Total R'000
Loans to related parties	4 227	4 227
Trade and other receivables	3 275	3 275
Cash and cash equivalents	7 189	7 189
	14 691	14 691

	2014	
	Loan and receivables R'000	Total R'000
Loans to related parties	6 668	6 668
Trade and other receivables	2 258	2 258
Cash and cash equivalents	4 206	4 206
	13 132	13 132

The accounting policies for financial instruments have been applied to the financial liabilities below:

	2016	
	Financial liabilities at amortised cost R'000	Total R'000
Loans to related parties	210 664	210 664
Trade and other payables	4 106	4 106
	214 770	214 770

	2015	
	Financial liabilities at amortised cost R'000	Total R'000
Trade and other payables	3 812	3 812
	3 812	3 812

	2014	
	Financial liabilities at amortised cost R'000	Total R'000
Loans to related parties	21	21
Trade and other payables	2 405	2 405
	2 426	2 426

13. REVENUE

	2016 R'000	2015 R'000	2014 R'000
Gross tuition fees and sale of learning materials	45 755	38 218	31 514
Discount allowed and bursaries	(181)	(159)	(63)
Net tuition fees and sale of learning materials	45 574	38 059	31 451
Canteen Sales	418	383	301
Other income	174	97	98
Conferencing	1 359	–	–
	47 525	38 539	31 850

14. EARNINGS BEFORE INTEREST AND TAXATION

Embury has identified a number of items which are material due to significance of their nature and/or amount and are separately listed here to provide a better understanding of the financial performance of Embury.

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

	2016 R'000	2015 R'000	2014 R'000
Operating lease charges			
Premises			
– Contractual amounts	2 269	2 031	2 504
Cost of learning materials	6 505	8 641	4 128
Employee costs	17 952	14 595	13 788
(Profit)/Loss on sale of property, plant and equipment	(8)	19	7
Depreciation on property, plant and equipment	1 045	1 041	757

15. INVESTMENT REVENUE

	2016 R'000	2015 R'000	2014 R'000
Interest income			
Investments	1 278	455	404
Student accounts	376	335	450
	1 654	790	854

16. FINANCE COSTS

	2016 R'000	2015 R'000	2014 R'000
Interest expense			
Creditor	–	–	–

17. TAXATION

	2016 R'000	2015 R'000	2014 R'000
Major components of the tax expense:			
Current			
Local income tax – current period	–	1 072	2 296
Deferred			
Tax Losses	751	–	–
Originating and reversing temporary differences	2 491	985	(155)
	3 242	2 057	2 141
Reconciliation of the tax expense			
Reconciliation between applicable tax rate and average effective tax rate.			
Applicable tax rate	28%	28%	28%
Non-taxable income	0.0%	0.0%	0.0%
Non-deductible expenses	0.0%	0.0%	0.0%
Tax at the applicable tax rate of 28%	28%	28%	28%

No provision has been made for 2016 tax as Embury has no taxable income. The estimated tax loss available for set off against future taxable income is R2 681 195 (2015: R nil) (2014: R nil)

18. RELATED PARTIES

Relationships

Holding company: Curro Holdings Limited

Key members of management in common: AJF Greyling
B van der Linde
CR van der Merwe
HG Louw

Directors: AJF Greyling
B van der Linde
CR van der Merwe
HG Louw

Supplier: Almika Properties 90 Proprietary Limited

Key members of management in common: JJ Human

Directors: JJ Human

Related party balances

	2016 R'000	2015 R'000	2014 R'000
Loan accounts – Owing (to) by related parties			
Almika Properties 90 Proprietary Limited	229	–	21
Curro	(210 664)	4 227	6 668
Amounts included in trade receivable regarding related parties			
Curro	120	1 423	–
Related party transactions			
Rent paid to related parties			
Almika Properties 90 Proprietary Limited	2 203	2 699	2 491
Fee income received from related parties			
Curro	523	1 422	–

19. DIRECTORS' EMOLUMENTS

Executive

	2016					Total R'000
	Emoluments R'000	Pensions Paid R'000	Bonuses R'000	Share Options R'000		
J J Human ****	1 506	161	261	520	2 447	
S Totaram *	1 347	51	821	2 805	5 024	
	2 852	212	1 082	3 325	7 472	

	2015					Total R'000
	Emoluments R'000	Pensions Paid R'000	Bonuses R'000	Share Options R'000		
J J Human	1 139	150	123	154	1 566	
	1 139	150	123	154	1 566	

	2014					Total R'000
	Emoluments R'000	Pensions Paid R'000	Bonuses R'000	Share Options R'000		
J J Human	1 593	–	–	–	1 593	
	1 593	–	–	–	1 593	

Non-Executive

	2016					Total R'000
	Emoluments R'000	Pensions Paid R'000	Bonuses R'000	Share Options R'000		
A J F Greyling **	2 033	71	1 304	11 430		14 839
H G Louw **	1 694	102	1 132	7 971		10 899
B Van Der Linde **	1 720	77	1 132	7 039		9 968
C R Van Der Merwe ***	2 702	47	1 732	14 617		19 098
	8 149	298	5 300	41 058		54 806

Non-Executive

	2015					Total R'000
	Emoluments R'000	Pensions Paid R'000	Bonuses R'000	Share Options R'000		
A J F Greyling **	1 882	67	1 540	7 264		10 753
H G Louw **	1 566	95	1 066	5 054		7 781
B Van Der Linde **	1 588	72	1 077	4 352		7 090
C R Van Der Merwe ***	2 479	47	1 908	9 119		13 553
	7 515	280	5 591	25 789		39 175

Non-Executive

	2014					Total R'000
	Emoluments R'000	Pensions Paid R'000	Bonuses R'000	Share Options R'000		
A J F Greyling **	1 545	55	946	4 116		6 662
H G Louw **	1 321	79	878	2 813		5 091
B Van Der Linde **	1 337	63	868	2 372		4 640
C R Van Der Merwe ***	1 953	47	1 279	4 865		8 144
	6 156	244	3 971	14 166		24 537

* S Totaram was appointed as executive director of Embury from 5 December 2016. She was subsequently appointed as a non-executive director with effect from 17 April 2017. Her remuneration for 2015 and 2016 was paid by Embury's holding company, Curro. The share options received were Curro share options.

** These non-executive directors are employed as executive directors at Curro and remunerated for their services within Curro. They resigned as directors of Embury from 5 December 2016.

*** CR van der Merwe is the non-executive chairperson of Embury's board and also employed as executive director of Curro and remunerated for his services within Curro.

**** The share options received were Curro share options.

20. RISK MANAGEMENT**20.1 Capital risk management**

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

The capital structure of Embury consists of debt, which includes the borrowings disclosed in notes 7 cash and cash equivalents disclosed in note 9, and equity as disclosed in the statement of financial position.

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

There are no externally imposed capital requirements.

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

20.2 Financial risk management

Embury's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

20.3 Liquidity risk

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

The table below analyses Embury'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.

	2016			Total R'000
	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000	
Loans to related parties	229	–	–	229
Current tax receivable	3 808	–	–	3 808
Trade and other receivables	2 042	–	–	2 042
Loans from related parties	(210 664)	–	–	(210 664)
Trade and other payables	(4 106)	–	–	(4 106)
	(208 691)	–	–	(208 691)

	2015			Total R'000
	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000	
Loans to related parties	4 227	–	–	4 227
Current tax receivable	1 245	–	–	1 245
Trade and other receivables	3 275	–	–	3 275
Loans from related parties	–	–	–	–
Trade and other payables	(3 812)	–	–	(3 812)
	4 935	–	–	4 935

	2014			Total R'000
	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000	
Loans to related parties	6 668	–	–	6 668
Current tax receivable	231	–	–	231
Trade and other receivables	2 258	–	–	2 258
Loans from related parties	–	(21)	–	(21)
Trade and other payables	(2 405)	–	–	(2 405)
	6 752	(21)	–	6 731

Current tax receivable has been included in the assessment of liquidity risk as overpaid provisional taxes are due and receivable from the South African Revenue Services upon finalisation of the tax return.

20.4 Interest rate risk

Embury's exposure to interest rate risk arises from interest-bearing short term call deposits and investments at rates which are variable.

Interest income is incidental to core operations and Embury's income and operating cash flows are substantially independent of changes in market interest rates.

Curro, the holding company, is the major capital provider.

20.5 Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. Embury only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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

	2016 R'000	2015 R'000	2014 R'000
Financial assets			
Loans to related parties	229	4 227	6 668
Trade and other receivables	2 042	3 275	2 675
Cash and cash equivalents	147 271	7 189	4 206
	149 542	14 691	13 549

20.6 Cash generated from operations

	2016 R'000	2015 R'000	2014 R'000
Profit before tax	11 577	7 347	7 647
<i>Adjustment for non-cash items:</i>			
Depreciation and amortisation	1 045	1 041	757
(Profit)/Loss on disposal of assets	(8)	20	7
Interest income	(1 654)	(791)	(855)
Finance costs	1	-	-
Decrease/(increase) in trade and other receivables	1 073	(1 271)	(582)
Increase in inventories	(1 089)	(4)	399
Increase in trade and other payables	294	1 407	1 348
Increase in income received in advance	527	1 596	910
	11 767	9 345	9 618

21. TAXATION PAID

	2016 R'000	2015 R'000	2014 R'000
Balance at the beginning of the year	1 245	231	(1 210)
Current taxation recognised in the current year	-	(1 072)	(2 296)
Balance at the end of the year	(3 808)	(1 245)	(231)
	(2 563)	(2 086)	(3 737)

Comprised of the following:

Provisional tax paid during the year	(3 808)	(2 318)	-
Refunds received during the year	1 245	232	-
	(2 563)	(2 086)	-

22. OPERATING LEASE

	2016 R'000	2015 R'000	2014 R'000
Total of future minimum lease payments for each of the following periods:			
Minimum lease payments due on office premises			
- within one year	3 555	2 199	-
- in second to fifth year inclusive	1 155	11 770	-
- later than five years	-	-	-
	4 707	13 969	-

Operating lease payments represent rentals payable by Embury for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of one year. No contingent rent is payable.

Minimum lease payments due on new campuses

- within one year	903	-	-
- in second to fifth year inclusive	102 996	-	-
- later than five years	230 172	-	-
	334 071	-	-

Operating lease payments represent rentals payable by Embury for its Embury Waterfall premises based in Waterfall Estate, Gauteng. The premises are leased for an initial period of 12 years after which Embury is entitled to renew for a further 86 years. The operating lease commitment includes lease for the initial period of 12 years only.

23. COMMITMENTS

	2016 R'000	2015 R'000	2014 R'000
Authorised capital expenditure			
Authorised and contracted	–	–	–
Authorised but not yet contracted	150 271	72 000	–
	150 271	72 000	–

Commitments comprise the planned capital expenditure for completing its new campuses in the Musgrave area, Durban, Kwazulu-Natal and the Montana area, Pretoria, Gauteng. These campuses are planned to open for new students in 2018.

24. GOING CONCERN

The financial information has been prepared on the going concern basis since the directors have every reason to believe Embury has adequate resources in place to continue in operation for the foreseeable future.

25. EVENTS AFTER THE REPORTING PERIOD

No significant events have been identified that have occurred since 31 December 2016 that requires disclosure in the annual financial information.

26. HEADLINE EARNINGS RECONCILIATION

	2016 R'000	2015 R'000	2014 R'000
Profit for the year	8 335	5 290	5 506
(Profit)/loss on disposal of assets	(8)	19	(7)
Taxation thereon	2	(5)	2
	8 329	5 304	5 501
Headline earnings per share (cents)	6 941 033	4 419 733	4 584 133
Diluted headline earnings per share (cents)	6 941 033	4 419 733	4 584 133

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF EMBURY FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

The definitions and interpretations commencing on page 13 of the Pre-listing Statement apply to this Annexure 4.

The Board of Directors
STADIO Holdings Limited
San Domenico
10 Church Street
Durbanville
Cape Town
7550

12 September 2017

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF EMBURY FOR INCLUSION IN THE PRE-LISTING STATEMENT OF STADIO

Introduction

At your request and for the purposes of the Pre-listing Statement of STADIO we have audited the Historical Financial Information of Embury, which comprises the statements of financial position at 31 December 2015 and 31 December 2014, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes thereto, which include a summary of significant accounting policies and other explanatory notes, as set out in **Annexure 3** to the Pre-listing Statement ("the Historical Financial Information").

Purpose

STADIO is issuing the Pre-listing Statement regarding the proposed Listing of STADIO on the main board of the JSE Limited. This Reporting Accountant's Report on the Historical Financial Information of Embury is prepared for the purposes of complying with the JSE Listings Requirements and for inclusion in the Pre-listing Statement.

Unqualified opinion on the Historical Financial Information for the years ended 31 December 2015 and 31 December 2014

In our opinion, the Historical Financial Information of Embury for the years ended 31 December 2015 and 31 December 2014, as presented in **Annexure 3** to the Pre-listing Statement, presents fairly, in all material respects, for the purpose of the Pre-listing Statement, the financial position of Embury as at 31 December 2015 and 31 December 2014, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the JSE Listings Requirements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The evidence included that which we previously obtained in the conduct of our audit of the statutory financial statements of Embury from which the Historical Financial Information has been derived.

Independence

We are independent of Embury in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the directors of STADIO for the Historical Financial Information for the years ended 31 December 2015 and 31 December 2014

The directors of STADIO ("**Directors**") are responsible for the compilation, contents, preparation and fair presentation of the Pre-listing Statement including the Historical Financial Information for the years ended 31 December 2015 and 31 December 2014 which form part of this Pre-listing Statement in accordance with the IFRS and the JSE Listings Requirements, and for such internal control as the directors of STADIO determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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

Independent Reporting Accountant's Responsibilities for the Historical Financial Information for the years ended 31 December 2015 and 31 December 2014

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

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

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

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

Consent

We consent to the inclusion of this report, which will form part of the Pre-listing Statement, in the form and context in which it appears.

Grant Thornton Durban Partnership

Registered Auditors

Deepak D Nagar

Partner

Practice number 484024

Registered Auditor

Chartered Accountant (SA)

2nd Floor, 4 Pencarrow Crescent
Pencarrow Park
La Lucia Ridge Office Estate
La Lucia
4019

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF EMBURY FOR THE YEAR ENDED 31 DECEMBER 2016

The definitions and interpretations commencing on page 13 of the Pre-listing Statement apply to this Annexure 5.

Board of Directors
STADIO Holdings Limited
Unit 13
San Domenico
10 Church Street
Durbanville
7550

12 September 2017

INDEPENDENT REPORTING ACCOUNTANT'S AUDIT REPORT ON THE HISTORICAL FINANCIAL INFORMATION

Our opinion

STADIO is issuing the Pre-listing Statement to its shareholders regarding the Listing.

In our opinion, the historical financial information presents fairly, in all material respects, the financial position of Embury as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the JSE Listings Requirements.

What we have audited

At your request and solely for the purpose of the Pre-listing Statement to be dated on or about 15 September 2017, Embury Institute for Higher Education Proprietary Limited's ("**Embury**") historical financial information as set out in **Annexure 3** of the pre-listing statement comprises:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the historical financial information, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Reporting accountant's responsibilities for the audit of the historical financial information* section of our report.

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

Independence

We are independent of Embury in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

Purpose of this report

This report has been prepared for the purpose of the pre-listing statement and for no other purpose.

Other matter

The Historical Financial Information of Embury for the years ended 31 December 2015 and 31 December 2014 were audited by Grant Thornton Durban Practice whose report, dated 12 September 2017, expressed unmodified opinions on the Historical Financial Information for these years.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p><i>Internally generated training programmes (“Curriculum Development”)</i></p> <p>Embury is in the process of developing and registering a number of new training programmes, as well as converting and registering its existing campus-based courses into distance learning offerings.</p> <p>As disclosed in note 1.1 (<i>Significant judgements and sources of estimation uncertainty</i>) and accounting policy note 1.3 (<i>Intangible assets</i>), curriculum development costs directly attributable to the development of new curricula are recognised as internally generated intangible assets by management when the development costs meet the criteria as disclosed in note 1.3.</p> <p>We considered the recognition of internally generated intangible assets as a matter of most significance to the current year audit as the assessment made by management requires judgement and is subjective, especially relating to the ability that the development of the curriculum will be able to generate future economic benefits and the expense attributable to the development of the asset can be measured reliably.</p>	<p>We obtained a understanding from management of the relevant controls and process implemented over the recognition of the internally generated intangible assets for new curriculum development, and performed, amongst other, the following audit procedures on a sample of curricula:</p> <ul style="list-style-type: none"> • We have assessed the likelihood of the curriculum development to generate future economic benefits by obtaining management’s calculations of future income based on the number of learners and the fee of the course. The fees were evaluated against similar courses offered. Learner numbers were based on forecasted / pipelined learners that qualify for further education based on current results and current enrolment. Based on the testing performed, we found that curricula being developed are probable to generate future economic benefits because of the fees charged for similar current courses and current enrolment. • The most significant cost element relates to salaries of personnel being involved in the development of the curriculum. For each curriculum we inspected the approved project plan to ensure only people involved in the project time is capitalised to the specific curriculum and traced the amounts to payroll records. We found that the costs capitalised were appropriate and accurate for the selected sample.

Responsibilities of the directors for the historical financial information

The directors are responsible for the preparation, contents and presentation of the pre-listing statement and are responsible for ensuring that Embury complies with the JSE Listings Requirements. The directors are responsible for the preparation and fair presentation of the historical financial information in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of historical financial information that are free from material misstatement, whether due to fraud or error.

In preparing the historical financial information, the directors are responsible for assessing Embury’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate Embury or to cease operations, or have no realistic alternative but to do so.

Reporting accountant’s responsibilities for the audit of the historical financial information

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

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

- Identify and assess the risks of material misstatement of the historical financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Embury’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Embury’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountant’s report to the related disclosures in the historical financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountant’s report. However, future events or conditions may cause Embury to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the historical financial information, including the disclosures, and whether the historical financial information represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

PricewaterhouseCoopers Inc.

Director: D de Jager
Registered Auditor

Stellenbosch

SEGMENTED FINANCIAL INFORMATION OF THE STADIO GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2017

The definitions and interpretations commencing on page 13 of the Pre-listing Statement apply to this **Annexure 6**.

SEGMENTED FINANCIAL INFORMATION OF THE STADIO GROUP FOR THE 6 MONTHS ENDED 30 JUNE 2017

Condensed segmental report attributable to Curro's higher education division (including STADIO and Embury) for Curro's interim results for the 6 months ended 30 June 2017:

	% change	Unaudited 30 June 2017 6 months R'000	Unaudited 30 June 2016 6 months R'000	Audited 31 Dec 2016 12 months R'000
Student numbers	32%	1 112	840	840
Revenue	26%	34 670	27 134	47 525
Operational EBITDA	(33%)	5 740	8 393	10 968
Net head office expenditure	n/a	(6 587)	–	–
EBITDA margin	n/a	(3%)	33%	23%
Headline earnings*	n/a	(2 837)	6 710	8 335
Headline earnings per share (cents)*	n/a	(0.7)	1.8	2.1
Earnings per share (cents)*	n/a	(0.7)	1.8	2.1
Total assets	(2%)	254 607	44 920	251 859
Total liabilities	(3%)	231 587	19 684	224 999

Note:

- * Headline earnings, Earnings per share (EPS) and headline earnings per share (HEPS) for segmental reporting purposes has been adjusted for the comparative periods, six months ending 30 June 2016 and for the year end 31 December 2016. The headline earnings, EPS and HEPS for Curro remained unchanged as per audited financial statements for the year ended 31 December 2016.

HISTORICAL FINANCIAL INFORMATION OF AFDA FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

*The definitions and interpretations commencing on page 13 of the Pre-listing Statement apply to this **Annexure 7**.*

Introduction

The historical financial information of AFDA is set out below has been extracted from the audited annual financial information of AFDA for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 ("**Historical Financial Information**"). The Historical Financial Information is the responsibility of the Directors. The Historical Financial Information was prepared in accordance with IFRS and interpretations adopted by the International Accounting Standards Board ("**IASB**") and was audited by Middel & Partners, who issued an unqualified audit opinion thereon. The independent reporting accountant's report on the Historical Financial Information is presented in **Annexure 8**.

Commentary

AFDA is a private higher education institution which offers higher certificate and degree programmes that are registered by the Department of Higher Education and Training (DHET) and the South African Qualifications Authority (SAQA). AFDA's programmes are accredited and AFDA participates productively in the ongoing reaccreditation and quality assurance processes of the Council on Higher Education (CHE) to ensure the quality of its programmes.

AFDA offers the following qualifications:

- Bachelor of Live Performance (Honours);
- Bachelor of Motion Picture Medium (Honours);
- Bachelor of Live Performance;
- Bachelor of Motion Picture Medium;
- Bachelor of Commerce;
- Bachelor of Computer Technology;
- Higher Certificate in Film, Television and Entertainment Production

AFDA is one of the leading outcomes-based film schools in the world.

AFDA graduates are taught to conceptualize, create and develop indigenous products and commodities for the local and international market

In the course of a rich entrepreneurial history dating back to 1994, AFDA has earned a reputation as one of the leading institutions of its kind in the world today. Although AFDA's track record speaks for itself, it continually renews its commitment to facilitate an environment that develops high-quality human and intellectual property with the relevant skills to deal with the rigors of a fast-expanding and ever-changing entertainment industry.

At its fully equipped campuses AFDA trains graduates to contribute to one of the largest growth industries in the world: entertainment. In the globalised economy, cultural exchange is a valuable currency. AFDA graduates are taught to conceptualize, create and develop indigenous products and commodities for the local and international market.

AFDA's students are educated not only to forge profitable and sustainable careers in this market, but are encouraged to develop themselves as employment providers – the cultural entrepreneurs of the future. AFDA's alumni have reinvigorated their industries with the quality of their intellectual property, skill and talent. More than 90% of its Honours alumni are working and employed in their chosen field of specialisation.

AFDA films are exhibited at numerous international festivals and have been broadcast worldwide, winning many prestigious awards, including the Student Academy Award winner and Cannes festival finalist in 2006 and a SAFTA (South African Film and Television Award) in 2007. AFDA is a full member of CILECT – the International Association of Accredited Film and Television Schools.

Results

The compound annual growth rate for revenue since 2014 is 21% and attributable to an increase in student numbers and the offering of new BCom and BCT full-time qualifications.

Profit after tax decreased to R26.3 million (2015: R27.7 million, 2014: R22.0 million) due to the increase in operating expenditure relating to the new campuses in Durban and Port Elizabeth and an impairment loss on loan to related party of R2.3 million.

Footprint and expansion

AFDA has five fully equipped campuses in Johannesburg, Cape Town, Durban, Port Elizabeth and Botswana.

Dividends

A dividend of R0.598 million (2015: R nil, 2014: R nil) per share has been declared during the year.

Events after reporting date

The directors are not aware of any further matters or circumstances that occurred between the end of the financial year and the date of this report that would require adjustments to the Historical Financial Information.

Directors

The directors were G Holmes and BJ Passchier

Secretary

Mr G Holmes performed the function of company secretary.

STATEMENT OF FINANCIAL POSITION
at 31 December

	Notes	2016 R'000	2015 R'000	2014 R'000
Assets				
Non-current assets				
		74 230	70 606	48 519
Plant and equipment	5	–	–	–
Deferred taxation asset	6	2 940	2 064	1 400
Other financial assets	7	57 785	59 511	47 119
Loans to directors	12	13 505	9 031	–
Current assets				
		34 329	44 132	40 202
Deposits	8	285	285	285
Trade and other receivables	9	5 407	1 502	2 912
Bank and cash	10	28 637	42 345	37 005
Total assets		108 559	114 738	88 721
Equity and liabilities				
Equity				
		87 899	96 925	69 233
Share capital	11	–	–	–
Retained earnings		87 899	96 925	69 233
Non-current liabilities				
		588	3 786	10 186
Loans to directors	12	–	3 786	10 186
Operating lease liability		588	–	–
Current liabilities				
		20 072	14 027	9 302
Trade and other payables	13	4 018	3 371	3 117
Bank overdraft	10	295	191	107
Other financial liabilities	14	9 584	7 645	4 996
Operating lease liability		2	–	–
South African Revenue Services		6 173	2 820	1 082
Total equity and liabilities		108 559	114 738	88 721
Net asset value per share (cents)		148 981 356	164 279 661	117 344 068
Tangible net asset value per share (cents)		148 981 356	164 279 661	117 344 068

STATEMENT OF PROFIT & LOSS & OTHER COMPREHENSIVE INCOME

for the year ended 31 December

	Notes	2016 R'000	2015 R'000	2014 R'000
Revenue	15	136 197	115 406	92 953
Other operating income	16	1 241	708	789
Operating expenditure		(103 363)	(81 652)	(65 672)
Impairment loss on loan to related party		(2 311)	-	-
Profit on operating activities before interest	17	31 764	34 462	28 070
Investment revenue	18	5 837	4 041	2 513
Finance costs	19	(1)	-	-
Profit before taxation		37 600	38 503	30 583
Taxation	20	(11 332)	(10 811)	(8 602)
Profit for the year		26 268	27 692	21 981
Other comprehensive income		-	-	-
Total comprehensive income for the year		26 268	27 692	21 981
Earnings per share (cents)		44 522 034	46 935 593	37 255 932
Diluted earnings per share (cents)		44 522 034	46 935 593	37 255 932
Dividends per share (cents)		59 820 339	-	-

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December

	Share capital R'000	Retained income R'000	Total equity R'000
Opening balance for 2014	–	47 252	47 252
Profit for the year	–	21 981	21 981
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	21 981	21 981
Balance at 31 December 2014	–	69 233	69 233
Profit for the year	–	27 692	27 692
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	27 692	27 692
Balance at 31 December 2015	–	96 925	96 925
Profit for the year	–	26 268	26 268
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	26 268	26 268
Dividends paid	–	(35 294)	(35 294)
Balance at 31 December 2016	–	87 899	87 899

STATEMENT OF CASH FLOWS
for the year ended 31 December

	Notes	2016 R'000	2015 R'000	2014 R'000
Cash flow from operating activities:				
Profit on operating activities before interest		31 764	34 462	28 070
Adjustment for:				
Operating lease expenditure accrued		589	–	–
Cash generated by operating activities		32 353	34 462	28 070
Changes in working capital		(1 318)	4 313	44
(Increase)/decrease in trade and other receivables		(3 904)	1 411	(2 323)
Increase in trade and other payables		647	253	1 618
Increase in other financial liabilities		1 939	2 649	749
Interest received		5 837	4 041	2 513
Interest paid		(1)	–	–
Taxation paid		(14 150)	(9 737)	(8 420)
Net cash from operating activities		22 721	33 079	22 207
Cash flow from investing activities:				
Increase in investments and loans		(2 747)	(21 423)	(2 124)
Net cash from investing activities		(2 747)	(21 423)	(2 124)
Cash flow from financing activities:				
Decrease in financial liabilities		(3 786)	(6 400)	(6 703)
Dividend paid		(30 000)	–	–
Net cash from financing activities		(33 786)	(6 400)	(6 703)
Total cash movement for the year		(13 812)	5 256	13 380
Cash at the beginning of the year	10	42 154	36 898	23 518
Total cash at the end of the year	10	28 342	42 154	36 898

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The historical financial information has been prepared on the going concern basis in accordance with, and in compliance with, IFRS and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations issued and effective at the time of preparing the historical financial information and the Companies Act 71 of 2008 of South Africa, as amended.

The historical financial information has been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments and incorporate the following principal accounting policies which, except as noted, have been consistently applied in all material respects. They are presented in Rand, which is AFDA’s functional currency.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of historical information in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2.1 Critical judgement in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the historical financial information, are outlined as follows:

Lease classification

AFDA is party to leasing arrangements as a lessee. The treatment of leasing transactions in the historical financial information is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment, management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred.

Deferred tax asset

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Refer to note 6.

2.2 Key sources of estimating uncertainty

Management made estimations for which there is a significant risk of material adjustments as a result of the key estimation assumptions.

Going concern

Management considers key financial metrics to conclude that the going-concern assumption used in compiling the annual historical financial information is relevant. Refer to note 25.

Impairment

AFDA reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs. Refer to notes 7 & 21.2.

Contingent liabilities

Management considers the existence of possible obligations which may arise from legal action as well as the possible non-compliance of the requirements of project completion guarantees and other guarantees provided. The estimation of the amount disclosed is based on the expected possible outflow of economic benefits should there be a present obligation. Refer note 22.

3. ACCOUNTING POLICIES

3.1 Property, plant and equipment

Property, plant and equipment are initially recognised at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Property, plant and equipment are subsequently measured at historical cost less accumulated depreciation and impairment losses. These are depreciated on the straight-line basis at rate estimated to write off the cost of assets over their estimated useful lives, on the following bases:

Library 3 years

Depreciation is charged to profit or loss. Gains or losses arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset is accounted for in profit or loss.

3.2 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

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

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

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

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

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

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

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

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

Item	Useful life
New curriculum development	Duration of specific course plus two years (to coincide with graduation eligibility timeline)

3.3 Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

AFDA considers evidence of impairment for receivables and held-to-maturity assets at both a specific asset and collective level. All individually significant receivables and held-to-maturity assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss within operating expenditure and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss.

The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in the profit-or-loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

Non-financial assets, excluding investment property, biological assets, deferred tax assets and inventories, are assessed at each year end to determine whether there is an indication that the carrying amount of the asset may be impaired.

If such an indication exists, the recoverable amount of the asset is determined. Irrespective of whether an indication of impairment exists, the recoverable amount of goodwill, indefinite-life intangible assets and intangible assets not available for use are determined annually.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In determining the value in use, the estimated future cash flows of the asset is discounted to their present value based on pre-discount rates that reflects current market assessments of the time value of money and the risks that are specific to the asset.

If the value in use of an individual asset for which there is an indication of impairment cannot be determined, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An asset's cash-generating unit is the smallest group of identifiable assets that includes the asset that generates cash inflows from continuing use that are largely independent from cash inflows from other assets.

An impairment loss is recognised in profit or loss when the carrying amount of an individual asset or of a cash-generating unit exceeds its recoverable amount. If the loss relates to the reversal of a previous revaluation surplus, it is recognised directly in equity. Impairment loss recognised on cash-generating units are firstly allocated to goodwill and secondly, on pro-rata basis, to the other assets in the cash-generating unit.

With regards to other assets, impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Reversals of impairment losses on cash-generating units are allocated on a pro-rata basis to the assets in the unit, excluding goodwill.

Impairment losses are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined if no impairment had been recognised in the past. Reversals of impairment losses are recognised directly in profit or loss.

Financial assets

Financial assets are recognised in the statement of financial position when AFDA becomes party to the contractual provisions of an instrument. Regular way purchases and sales of financial assets are recorded on the trade date.

AFDA derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by AFDA is recognised as a separate asset or liability.

AFDA has the following non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are initially measured at their fair value excluding any transaction costs. Subsequently these assets are measured at fair value, with gains or losses recognised in profit or loss. Net gains or losses consist of fair value adjustments and gains and losses on de-recognition and they are included in "other income" or "other expenses". Interest and dividend income are reported separately from net gains or losses.

Interest income calculated using the effective interest rate method, is included in "interest received". Dividend income is recognised when AFDA's right to payment has been established and it is included in "other income".

Cash and cash equivalents are classified as financial assets at fair value through profit or loss. Cash and cash equivalents consists of cash in the bank and short-term deposits, and other short-term investments that are highly liquid and can readily be converted into cash.

Loans and receivables

Loans and receivables (including trade and other receivables, loans to directors & other financial assets) represents non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category may also include financial assets that would have been impaired or past due if the terms of the instrument were not renegotiated.

Loans and receivables are initially measured at fair value, plus transaction costs. Subsequently, items included in this category are measured at the amortised cost, calculated based on the effective interest method, and interest income is included in profit or loss for the period.

Net gains or losses represent reversals of impairment losses, impairment losses and gains and losses on de-recognition. Net gains or losses are included in "other income" or "other expenses".

Short-term receivables with no stated interest rate are measured at the original invoice amount, if the effect of discounting is immaterial.

Impairment losses are recognised on loans and receivables when there is objective evidence of impairment. An impairment loss is recognised in profit or loss when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate of the instrument.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated to this category and not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive income and presented within equity in the fair value reserved. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

3.4 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.5 Leases

Leases in terms of which the group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Assets held under financial leases are recognised as assets at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets.

The capitalised values of the leased assets are depreciated over the estimated useful lives.

Other leases are operating leases and the leased assets are not recognised in AFDA's statement of financial position. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

3.6 Financial liabilities

Financial liabilities are recognised in AFDA's statement of financial position when AFDA becomes a party to the contractual provisions of the instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or financial liabilities at amortised cost.

Financial liabilities at fair value through profit or loss

A financial liability is designated in this category when its accounting treatment in terms of this category results in more relevant information than its accounting treatment in term of another category or it is regarded as a contract that contains one or more embedded derivative.

Financial liabilities at fair value through profit or loss are initially measured at their fair value excluding any transaction cost. Subsequently, these liabilities are measured at fair value with gains and losses recognised in profit or loss. Interest expense is separated from the net gains and losses on these items. Interest expense, calculated using the effective interest method is included in "finance costs". Net gains or losses consist of gains or losses on the de-recognition of items and they are included in "other income" or "other expenses".

Financial liabilities at amortised cost

Financial liabilities at amortised costs (bank overdraft, trade and other payables and other financial liabilities) are subsequently measured at amortised cost, using the effective interest method.

3.7 Provisions

Provisions are recognised when it has a present obligation as a result of a past event, and it is probable that AFDA will be required to settle the obligation. Provisions are measured based on the best estimate of the expenditure required to settle the present obligation at the year end.

Where the effect of the time value of money is material, the amount of the provision is discounted to present value using a pre-tax rate that reflects current assessments of the time value of money. The increase in the amount of the provision as a result of the passage of time is recorded in profit or loss for the period.

3.8 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided, a liability is recognised for the amount expected to be paid if AFDA has a present legal obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.9 Revenue

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

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

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

Finance income is recognised as the interest income accrues using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument.

Dividend income is recognised when AFDA becomes entitled to the dividend.

3.10 Taxation

Current tax assets and liabilities

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

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

3.11 Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the historical financial information is determined on such a basis.

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

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

4. NEW STANDARDS AND INTERPRETATIONS

4.1 Standards and interpretations effective and adopted in the current year

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

Standard	Detail of amendment	Annual periods beginning on or after
IFRS 7 Financial Instruments: Disclosures	Annual Improvements 2012-2014 Cycle: Amendment clarifying under what circumstances an entity will have continuing involvement in a transferred financial asset as a result of servicing contracts.	1 January 2016
	Annual Improvements 2012-2014 Cycle: Amendment clarifying the applicability of previous amendments to IFRS 7 issued in December 2011 with regard to offsetting financial assets and financial liabilities in relation to interim financial information prepared under IAS 34.	1 January 2016
IAS 1, Presentation of Financial information	Disclosure Initiative: Amendments designed to encourage entities to apply professional judgement in determining that information to disclose in their financial information.	1 January 2016
IAS 16 Property, Plant and Equipment	Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	1 January 2016
IAS 19 Employee Benefits	Annual Improvements 2012-2014 Cycle: Clarification of the requirements of to determine the discount rate in a regional market sharing the same currency.	1 January 2016
IAS 38 Intangible Assets	Amendments to IAS 16 and IAS 38 to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset.	1 January 2016
	Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	1 January 2016

4.2 Standards and interpretations not yet effective

AFDA has chosen not to early adopt the following standards and amendments, which have been published and are mandatory for AFDA's accounting periods beginning on or after 1 January 2017 or later periods. The impact of these standards on AFDA's financial statement is still being evaluated.

Standard	Detail of amendment	Annual periods beginning on or after
IFRS 9 Financial Instruments	Annual Improvements 2012-2014 Cycle: Amendment clarifying under what circumstances an entity will have continuing involvement in a transferred financial asset as a result of servicing contracts.	1 January 2018
IFRS 15 Revenue from Contracts from Customers	New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers.	1 January 2018
IFRS 16 Leases	New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows.	1 January 2019
	IFRS 16 contains expanded disclosure requirements for lessees.	1 January 2019
	IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information about a lessor's risk exposure, particularly to residual value risk.	1 January 2019
IAS 7 Statement of Cash Flows	Disclosure Initiative: Amendments requiring entities to disclose information about changes in their financing liabilities.	1 January 2017
IAS 12 Income Taxes	Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12): Narrow-scope amendment to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017

5. PLANT AND EQUIPMENT

31 December 2016	Cost	Accumulated depreciation	Carrying value
Library	41	41	-
Total	41	41	-

31 December 2015	Cost	Accumulated depreciation	Carrying value
Library	41	41	-
Total	41	41	-

31 December 2014	Cost	Accumulated depreciation	Carrying value
Library	41	41	-
Total	41	41	-

Reconciliation of carrying values:

31 December 2016	Carrying value at the beginning of the year	Depreciation	Carrying value at the end of the year
Library	-	-	-
Total	-	-	-

31 December 2015	Carrying value at the beginning of the year	Depreciation	Carrying value at the end of the year
Library	-	-	-
Total	-	-	-

31 December 2014	Carrying value at the beginning of the year	Depreciation	Carrying value at the end of the year
Library	-	-	-
Total	-	-	-

6. DEFERRED TAX ASSET

	2016 R'000	2015 R'000	2014 R'000
Income received in advance	2 683	2 064	1 400
Provisions	92	-	-
Operating lease liability	165	-	-
Total	2 940	2 064	1 400

Reconciliation of opening and closing balance:

Opening balance	2 064	1 400	1 189
Changes to income received in advance	620	664	211
Changes to provisions	91	-	-
Changes to operating lease liability	165	-	-
Closing balance	2 940	2 064	1 400

7. OTHER FINANCIAL ASSETS

	2016 R'000	2015 R'000	2014 R'000
Loan – Intraframe	43 941	43 227	34 369
Loan – Ekosto	13 844	12 902	12 750
Loan – AFDA Botswana	2 311	3 382	–
Impairment of other financial assets	(2 311)	–	–
Total	57 785	59 511	47 119

These unsecured loans have no repayment agreements. The loans are interest free. The loan to AFDA Botswana only carried interest in 2015 at a rate of 20% per annum. The loans to Intraframe and Ekosto have been ceded to ABSA, acting as surety for the bonds over the properties in the related party's companies. The loans are stated at amortised cost. The directors consider that the carrying amount of the loans approximates to their fair value.

An impairment loss on the loan to AFDA Botswana was recognised in profit & loss during 2016.

8. DEPOSITS

Deposits consists of amounts made to Local City Council and to companies, from which properties are currently leased.

9. TRADE AND OTHER RECEIVABLES

	2016 R'000	2015 R'000	2014 R'000
Trade receivables	5 285	1 439	2 812
Other receivables	122	63	100
Total	5 407	1 502	2 912

Credit risk is primarily attributable to its accounts receivable. The amount presented in the statement of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and their assessment of current economic environment. The credit risk on this class of financial asset is considered low. Also disclosed in note 21.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following amounts:

	2016 R'000	2015 R'000	2014 R'000
Cash on hand and balances with banks	28 637	42 345	37 005
Bank overdraft	(295)	(191)	(107)
Total	28 342	42 154	36 898

Credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit agencies.

11. SHARE CAPITAL

	2016 R'000	2015 R'000	2014 R'000
Authorised – 1 000 ordinary shares of R1.00 each	1	1	1
Issued – 59 ordinary shares of R1.00 each	–	–	–

12. LOANS TO DIRECTORS

	2016 R'000	2015 R'000	2014 R'000
Loan receivable/(payable) – G Holmes	1 521	(3 786)	(6 507)
Loan receivable/(payable) – BJ Passchier	11 984	9 031	(3 679)
Total	13 505	5 245	(10 186)

These unsecured loans carries interest as agreed from time to time, no repayment agreements exists and stated at amortised cost. The directors consider that the carrying amount of the loans to directors approximates to their fair value.

	2016 R'000	2015 R'000	2014 R'000
Non-current assets	13 505	9 031	–
Non-current liabilities	–	(3 786)	(10 186)
Total	13 505	5 245	(10 186)

13. TRADE AND OTHER PAYABLES

Trade and other payables principally comprise amounts outstanding for ongoing costs. The directors consider that the carrying amount of the trade payables approximates to their fair value.

	2016 R'000	2015 R'000	2014 R'000
Trade payables	827	770	1 063
Other payables	422	296	317
Statutory payables	2 769	2 305	1 737
Total	4 018	3 371	3 117

14. OTHER FINANCIAL LIABILITIES

Other financial liabilities consist of income received in advance from students towards student and registration fees for the following year. The directors consider the carrying amount of these liabilities to approximate the fair value of these items.

15. REVENUE

Revenue comprise the net gross value of student fees invoiced, bursaries and donations received

	2016 R'000	2015 R'000	2014 R'000
Student and registration fees	136 197	115 406	92 953

16. OTHER OPERATING INCOME

	2016 R'000	2015 R'000	2014 R'000
Production research fund income	11	112	22
Bad debt recovery	349	309	329
Management fees received	544	–	–
Administration charges	109	133	61
Graduation and student cards income	38	55	21
Skills development levies refund	56	49	62
Sundry income	134	50	294
Total	1 241	708	789

17. PROFIT ON OPERATING ACTIVITIES BEFORE INTEREST

Profit on operating activities before interest is arrived at after considering the following items:

	2016 R'000	2015 R'000	2014 R'000
Auditors' remuneration	227	168	137
Audit fees	97	99	55
Other services	130	69	82
Bad debts	2 932	2 489	2 472
Directors' emoluments	1 200	1 374	1 166
G Holmes	600	687	583
BJ Passchier	600	687	583
Impairment loss on other financial assets	2 311	–	–
Operating lease payments	12 772	12 772	11 322
Actual payments and accruals	12 182	12 772	11 322
Straight-lining	590	–	–

18. INVESTMENT INCOME

	2016 R'000	2015 R'000	2014 R'000
Interest received on bank accounts	5 595	3 775	2 513
Interest received on trade and other receivables	242	91	–
Interest received on other financial assets	–	175	–
Total	5 837	4 041	2 513

19. FINANCE COST

	2016 R'000	2015 R'000	2014 R'000
Interest paid on bank accounts	(1)	-	-
Total	(1)	-	-

20. TAXATION

	2016 R'000	2015 R'000	2014 R'000
SA normal taxation at 28%	11 332	10 811	8 602
Current tax	12 208	11 474	8 813
Deferred tax	(876)	(663)	(211)
Tax rate reconciliation:			
Accounting profit	37 600	38 503	30 583
Taxation at a rate of 28%	10 528	10 781	8 563
Effect on taxation of:			
Non-deductible expenses for taxation purposes	157	30	39
Non-deductible items of capital losses in nature	647	-	-
Total	11 332	10 811	8 602

21. FINANCIAL RISK MANAGEMENT

21.1 Liquidity risk

AFDA monitors its risk to a shortage of funds using a liquidity model monitoring projected cash flows from operations and projected cash utilised in investing activities. AFDA's objective is to maintain a balance between continuity of funding and flexibility through the use of loans.

The cash flows from debtors and creditors are reasonable well matched in that payments are made to creditors on the same terms and conditions given to customers. It is anticipated that the year-end position will be settled within 30 day time frame.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount R'000	Contractual cash flows R'000	Within 3 months R'000	Within 12 months R'000
31 December 2016				
Financial liabilities	-	-	-	-
Trade and other payables	4 018	(4 018)	(4 018)	-
Bank overdraft	295	(295)	(295)	-
Other financial liabilities	9 585	(9 585)	(9 585)	-
South African Revenue Services	6 172	(6 172)	(5 294)	(878)
31 December 2015				
Financial liabilities	3 787	(3 787)	-	(3 787)
Trade and other payables	3 371	(3 371)	(3 371)	-
Bank overdraft	191	(191)	(191)	-
Other financial liabilities	7 645	(7 645)	(7 645)	-
South African Revenue Services	2 820	(2 820)	-	(2 820)
31 December 2014				
Financial liabilities	10 187	(10 187)	-	(10 187)
Trade and other payables	3 117	(3 117)	(3 117)	-
Bank overdraft	107	(107)	(107)	-
Other financial liabilities	4 996	(4 996)	(4 996)	-
South African Revenue Services	1 082	(1 082)	-	(1 082)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

21.2 Credit risk

Credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets represents the maximum credit exposure and was as follow at the reporting dates:

	2016 R'000	2015 R'000	2014 R'000
Other financial assets	57 785	59 511	47 119
Loans to directors	13 505	9 031	–
Trade and other receivables	5 407	1 502	2 912
Cash and cash equivalents	28 637	42 345	37 005
Total	105 334	112 389	87 036

Other financial assets and loans to directors

The other financial assets consists of loans made to related parties and are stated at cost. These loans and loans to directors are tested for impairment on an annual basis. The maximum exposure to credit risk at the reporting date is the value of each class of loan mentioned above. AFDA does not hold any collateral as security.

Trade and other receivables

AFDA's exposure to credit risk is mainly influenced by the individual characteristics of each customer. AFDA applies a credit policy under which each new customer is analysed individually for creditworthiness before standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the directors.

Customers who fail to meet the benchmark creditworthiness of AFDA may only transact on a prepayment bases. As a result in the decline in economic environment in 2015, certain purchase limits have been redefined for new customers and customers who displayed previously financial difficulties. AFDA does not require collateral in respect of trade and other receivables.

AFDA impairs trade and other receivables for losses based on specifics that relates to individual receivables.

The ageing of trade receivables at the reporting date that were past due but not impaired was as follows:

	2016 R'000	2015 R'000	2014 R'000
1 to 90 days	845	–	499
Above 90 days	4 440	1 439	2 313
Total	5 285	1 439	2 812

The impairment losses recognised during the year relates to transactions conducted with the customers during the current year. AFDA believes that the amounts past due by more than 90 days are still recoverable, based on historic payment behaviour and analysis of customer credit risk and payments received subsequent to close of year-end.

Cash and cash equivalents

Credit risk that relates to cash and cash equivalents are limited as these funds are held with bank and financial institutions or in physical cash.

21.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect AFDA's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

21.4 Interest rate risk

AFDA has all of its interest rate risk that relates to borrowings as variable interest risk and no fixed interest rates. At reporting date, the interest rate profile of AFDA's financial instruments was as follows:

	2016 R'000	2015 R'000	2014 R'000
Financial assets	28 637	42 345	37 005
Financial liabilities	(295)	(191)	(107)
Total	28 342	42 154	36 898

AFDA is exposed to interest rate risk as it borrows and places funds at floating rates. AFDA does not have a fixed interest rate risk policy as it assesses each instrument based on the current economic circumstances. The following table demonstrates the sensitivity to a 0.5% per annum change in variable interest rates, assuming the year end funding position remains unchanged and with all other variables held constant, on AFDA's profit before tax and equity:

	Effect on profit before tax R'000	Effect on equity R'000
Increase in interest rate:		
31 December 2016		
Cash and cash equivalents	109	79
Bank overdraft	–	–
Total	109	79
31 December 2015		
Cash and cash equivalents	181	131
Bank overdraft	–	–
Total	181	131
31 December 2014		
Cash and cash equivalents	12	9
Bank overdraft	–	–
Total	12	9
Decrease in interest rate:		
31 December 2016		
Cash and cash equivalents	(109)	(79)
Bank overdraft	–	–
Total	(109)	(79)
31 December 2015		
Cash and cash equivalents	(181)	(131)
Bank overdraft	–	–
Total	(181)	(131)
31 December 2014		
Cash and cash equivalents	(12)	(9)
Bank overdraft	–	–
Total	(12)	(9)

21.5 Capital management

The primary objective of AFDA's capital management is to ensure that it has sufficient funding to support the business' capital requirements and maximise shareholder value. AFDA manages its capital structure and adjusts it, in light of changes in economic and business conditions. To maintain or adjust the capital structure, AFDA may return capital to shareholders or issue new shares. AFDA monitors capital requirements using budgeting and forecasting models rather than maintaining a gearing policy. AFDA's net debt to equity at the reporting date is -0.1 (2015: -0.25; 2014: 0.28).

21.6 Classification of financial instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	Fair value through profit or loss R'000	Loans and receivables R'000	Financial liabilities at amortised cost R'000	Total carrying amount R'000	Fair value R'000
31 December 2016					
Other financial assets	–	57 785	–	57 785	57 785
Loans to director	–	13 504	–	13 504	13 504
Trade and other receivable	–	5 407	–	5 407	5 407
Cash and cash equivalents	28 637	–	–	28 637	28 637
Total	28 637	76 696	–	105 333	105 333
Trade and other payables	–	–	(4 018)	(4 018)	(4 018)
Bank overdraft	–	–	(295)	(295)	(295)
Total	–	–	(4 313)	(4 313)	(4 313)

	Fair value through profit or loss R'000	Loans and receivables R'000	Financial liabilities at amortised cost R'000	Total carrying amount R'000	Fair value R'000
31 December 2015					
Other financial assets	–	59 511	–	59 511	59 511
Loans to directors	–	9 031	–	9 031	9 031
Trade and other receivable	–	1 502	–	1 502	1 502
Cash and cash equivalents	42 345	–	–	42 345	42 345
Total	42 345	70 044	–	112 389	112 389
Loan to directors	–	–	(3 786)	(3 786)	(3 786)
Trade and other payables	–	–	(3 371)	(3 371)	(3 371)
Bank overdraft	–	–	(191)	(191)	(191)
Total	–	–	(7 348)	(7 348)	(7 348)

	Fair value through profit or loss R'000	Loans and receivables R'000	Financial liabilities at amortised cost R'000	Total carrying amount R'000	Fair value R'000
31 December 2014					
Other financial assets	–	47 119	–	47 119	47 119
Trade and other receivable	–	2 912	–	2 912	2 912
Cash and cash equivalents	37 005	–	–	37 005	37 005
Total	37 005	50 031	–	87 036	87 036
Loan to directors	–	–	(10 186)	(10 186)	(10 186)
Trade and other payables	–	–	(3 117)	(3 117)	(3 117)
Bank overdraft	–	–	(107)	(107)	(107)
Total	–	–	(13 410)	(13 410)	(13 410)

The interest rates used to discount estimated cash flows, when applicable, are based on the government bond yield curve at the reporting date plus an appropriate credit spread and were as follows:

	2016	2015	2014
Loans and borrowings	9.75% – 10.5%	9.25% – 9.75%	9.0% – 9.5%
Bank overdrafts	13.25% – 18.0%	12.8% – 14.1%	12.5% – 13.9%

22. CONTINGENCIES

AFDA has contingent liabilities in respect of bank guarantees, with relation to the borrowings outstanding for Intraframe and Ekosto.

A guarantee has been provided to the Department of Higher Education and Training in the amount of R250 000.

A guarantee has been provided to the landlord, Nuchi Properties Close Corporation in the amount of R54 000 serving as a deposit for a property rented.

A tenant occupying the canteen did not vacate the premises as instructed by AFDA, due to default. The case is scheduled to be heard in the High Court in order to seek an eviction notice. The attorney is of the opinion that AFDA will be successful. A cost estimation to finalise the case is R150 000.

Legal proceedings with a student where AFDA is defending a claim from a student that amounts paid towards tuition fees was not received and is seeking a refund of the student fees and additional amounts totalling R202 100. The attorney is of the view that AFDA will be successful in defending the claim. The cost estimation to finalise the case is R75 000.

23. RELATED PARTY TRANSACTIONS

Relationship	Name
Director and shareholder:	G Holmes
Director and shareholder:	BJ Passchier
Key management:	R Coetzer (Chief Financial Officer) AG Dullaart (Chief Academic Officer)
Entity owned and managed by common shareholders:	Intraframe
Entity owned and managed by common shareholders:	Ekosto
Entity owned and managed by common shareholders:	AFDA Botswana

Related party transactions:		2016	2015	2014
		R'000	R'000	R'000
Intraframe	Rent paid	10 882	8 542	7 523
Ekosto	Rent paid	1 837	1 537	1 478
AFDA Botswana	Interest received	–	175	–
AFDA Botswana	Management fees received	544	–	–
G Holmes	Director emoluments	600	687	583
BJ Passchier	Director emoluments	600	687	583
R Coetzer	Short term benefits – salary and allowance	1 320	1 200	960
R Coetzer	Incentive	660	600	480
AG Dullaart	Short-term benefits – salary	864	804	684
AG Dullaart	Incentive	432	402	342

Related party balances:		2016	2015	2014
		R'000	R'000	R'000
Intraframe	Loan receivable	43 941	43 227	34 369
Ekosto	Loan receivable	13 844	12 902	12 750
AFDA Botswana	Loan receivable	–	3 382	–
G Holmes	Loan receivable/(payable)	1 521	(3 786)	(6 507)
BJ Passchier	Loan receivable/(payable)	11 984	9 031	(3 679)

24. OPERATING LEASE ARRANGEMENTS

Operating leases – future minimum rentals payable under non-cancellable operating lease:

	< 12 months R'000	1 to 5 years R'000	Total R'000
31 December 2016			
Premises	7 725	15 055	22 780
Equipment	8 806	11 363	20 169
Office equipment	290	368	658
Services	632	824	1 456
Total	17 453	27 610	45 063
31 December 2015			
Premises	6 814	19 899	26 713
Equipment	7 062	13 684	20 746
Office equipment	111	84	195
Total	13 987	33 667	47 654
31 December 2014			
Premises	4 773	10 011	14 784
Equipment	6 039	13 200	19 239
Office equipment	140	129	269
Total	10 952	23 340	34 292

25. GOING CONCERN

The historical financial information has been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that AFDA has adequate financial resources to continue in operation for the foreseeable future and accordingly the historical financial information has been prepared on the going concern basis. The directors have satisfied themselves that AFDA is of sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact AFDA.

26. EVENTS AFTER THE REPORTING PERIOD

No subsequent events have been identified that has not be dealt with in the historical financial information.

27. HEADLINE EARNINGS RECONCILIATION

	2016 R'000	2015 R'000	2014 R'000
Profit for the year	26 268	27 692	21 981
Impairment loss	2 311	–	–
Taxation thereon	–	–	–
	28 579	27 692	21 981
Headline earnings per share (cents)	48 438 983	46 935 593	37 255 932
Diluted headline earnings per share (cents)	48 438 983	46 935 593	37 255 932

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF AFDA FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

The definitions and interpretations commencing on page 13 of the Pre-listing Statement apply to this **Annexure 8**.

The Board of Directors
STADIO Holdings Limited
Unit 13
San Domenico
10 Church Street
Durbanville
7550

12 September 2017

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANT'S AUDIT REPORT ON HISTORICAL FINANCIAL INFORMATION OF AFDA FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014.

Our opinion

STADIO is issuing the Pre-listing Statement to its Shareholders regarding the Listing.

In our opinion, the historical financial information as set out in **Annexure 7** presents fairly, in all material respects, the financial position of the South African Motion Picture Medium and Live Performance Proprietary Limited's ("**AFDA**") as at 31 December 2016, 2015 and 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the JSE Listings Requirements.

What we have audited

At your request and solely for the purpose of the Pre-listing Statement to be dated on or about 15 September 2017, AFDA's historical financial information as set out in **Annexure 7** of the Pre-listing Statement comprises:

- the statement of financial position as at 31 December 2016, 2015 and 2014;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the historical financial information, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Reporting accountant's responsibilities for the audit of the historical financial information* section of our report.

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

Key audit matters

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

Key audit matter	How the Matter was Addressed in our Audit
<p>Revenue recognition. Refer to annexure 7, accounting policy 2.9 and note 13 to the financial statements</p> <p>Revenue from tuition fees is recognised when students have successfully completed both the registration and enrolment processes. Due to the inherent risk associated with the process and the volume of students processed, there is a risk that revenue is incorrectly recognised, either through students registered and enrolled where the student is not invoiced while the service is rendered, or where the student is invoiced without the required processes being finalised and the service is also rendered.</p> <p>Revenue recognition has been identified as a key audit matter due to the revenue amount being material to the users of the financial statements and the volume of transactions involved.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • Evaluating the flow of information, the Information Technology ("IT") system and the controls relating to the invoicing process. • Performing substantive analytical review procedures on revenue. • Performing substantive tests of detail on a sample basis with specific emphasis on significant customers. • We also assessed the adequacy of the Company's disclosures in respect of revenue by reference to the applicable accounting standards. • We found the controls to be effectively designed and implemented and our substantive procedures did not reveal any material misstatements. <p>We consider the disclosures to comply with the applicable accounting standards.</p>

Independence

We are independent of AFDA in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

Purpose of this report

This report has been prepared for the purpose of the pre-listing statement and for no other purpose.

Responsibilities of the directors for the historical financial information

The directors are responsible for the preparation, contents and presentation of the pre-listing statement and are responsible for ensuring that AFDA complies with the JSE Listings Requirements. The directors are responsible for the preparation and fair presentation of the historical financial information in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of historical financial information that are free from material misstatement, whether due to fraud or error.

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

Reporting accountant's responsibilities for the audit of the historical financial information

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

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

- Identify and assess the risks of material misstatement of the historical financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AFDA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on AFDA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountant's report to the related disclosures in the historical financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountant's report. However, future events or conditions may cause AFDA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the historical financial information, including the disclosures, and whether the historical financial information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Middel & Partners.

Partner: CW Middel
Registered Auditor
Irene

HISTORICAL FINANCIAL INFORMATION OF INTRAFRAME FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

*The definitions and interpretations commencing on page 13 of the Pre-listing Statement apply to this **Annexure 9**.*

Introduction

The historical financial information of Intraframe set out below has been extracted from the audited annual financial information of Intraframe for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 ("**Historical Financial Information**"). The Historical Financial Information is the responsibility of the Directors. The Historical Financial Information was prepared in accordance with International Financial Reporting Standards FRS and interpretations adopted by the International Accounting Standards Board ("**IASB**") and was audited by Middel & Partners, who issued an unqualified audit opinion thereon. The independent reporting accountant's report on the Historical Financial Information is presented in **Annexure 10**.

Commentary

The principle business of the group is that of owning and renting moveable and immovable property.

Results

Revenue increased by 19% to R11.4 million (2015: R9.6 million, 2014: R8.9 million) and consists of rental income from AFDA.

Balance sheet

Additions to moveable property were made to audio and camera equipment, computer equipment and editing equipment amounting to R7.5 million (2015: R9.2 million, 2014: R8.2 million), which is rented to AFDA to support the learning environment.

Capital expenditure to its investments properties of R16.0 million (2015: R8.1 million, 2014: R3.5 million) was made to increase capacity for growth in student numbers.

Dividends

No dividend has been paid or declared during the year (2015: R0, 2014: R0).

Events after reporting date

The directors are not aware of any further matters or circumstances that occurred between the end of the financial year and the date of this report that would require adjustments to the Historical Financial Information.

Directors

The directors were G Holmes and BJ Passchier.

Secretary

Mr G Holmes performed the function of company secretary.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December

	Notes	2016 R'000	2015 R'000	2014 R'000
Assets				
Non-current assets				
		102 530	87 235	72 647
Goodwill	6	659	659	659
Plant and equipment	7	21 716	21 622	18 209
Investment properties	8	80 155	61 244	53 779
Investment in Subsidiary	9	–	–	–
Other financial assets	10	–	3 710	–
Current assets				
		3 567	10 837	864
Trade and other receivables	11	42	72	76
SARS – VAT		3 129	2 045	634
Tax receivable		219	108	–
Cash and Cash equivalents	12	177	8 612	154
Total assets				
		106 097	98 072	73 511
Equity and liabilities				
Equity				
		19 813	20 772	21 165
Share capital	13	–	–	–
Retained earnings		19 813	20 772	21 165
Non-current liabilities				
		84 351	76 103	51 650
Other financial liabilities	14	57 785	56 129	47 119
Borrowings	15	22 529	16 532	1 540
Deferred taxation	16	4 037	3 442	2 991
Current liabilities				
		1 933	1 197	696
Trade and other payables	17	223	87	73
Current portion of borrowings	15	1 710	1 096	565
Tax payable		–	14	58
Total equity and liabilities				
		106 097	98 072	73 511
Net asset value per share (cents)		33 581 356	35 206 780	35 872 881
Tangible net asset value per share (cents)		33 581 356	35 206 780	35 872 881

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December

	Notes	2016 R'000	2015 R'000	2014 R'000
Revenue		11 426	9 600	8 892
Sale of Equipment		–	3 508	–
Cost of sales		–	(3 508)	–
Gross profit		11 426	9 600	8 892
Other Income		214	137	373
Fair value adjustment to investment property		2 897	(662)	(533)
Impairment loss of loan		(3 239)	–	–
Operating expenditure		(9 622)	(8 411)	(6 658)
Profit on operating activities before interest	18	1 676	664	2 074
Finance income	19	3	203	17
Finance costs	20	(1 944)	(256)	(83)
(Loss) profit before taxation		(265)	611	2 008
Taxation	21	(694)	(823)	(613)
(Loss) profit after taxation		(959)	(212)	1 395
Other comprehensive income		–	–	–
Total comprehensive (loss) income for the year		(959)	(212)	1 395
(Loss) profit attributable to:				
Owners of the parent		(959)	(212)	1 395
Total comprehensive (loss) income attributable to:				
Owners of the parent		(959)	(212)	1 395
Earnings per share (cents)		(1 625 424)	(359 322)	2 364 407
Diluted earnings per share (cents)		(1 625 424)	(359 322)	2 364 407

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December

	Share capital R'000	Retained income R'000	Total equity R'000
Opening balance for 2014	-	20 066	20 066
Prior period error	-	(296)	(296)
Restated Opening balance	-	19 770	19 770
Total comprehensive income for the year	-	1 395	1 395
Balance at 31 December 2014	-	21 165	21 165
Prior period error	-	(181)	(181)
Restated Opening balance	-	20 984	20 984
Total comprehensive loss for the year	-	(212)	(212)
Balance at 31 December 2015	-	20 772	20 772
Total comprehensive loss for the year	-	(959)	(959)
Balance at 31 December 2016	-	19 813	19 813

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December

	Notes	2016 R'000	2015 R'000	2014 R'000
Cash flow from operating activities:				
Profit on operating activities before interest		1 676	663	2 074
Adjustment for:				
Fair value adjustment		(2 896)	662	533
Profit on disposal of asset		(215)	–	–
Impairment loss of loan		3 239	–	–
Depreciation		7 386	5 760	4 896
Cash generated by operating activities		9 190	7 085	7 503
Changes in working capital		(920)	(1 573)	319
(Increase)/decrease in trade and other receivables		30	4	(74)
Increase in trade and other payables		134	14	(197)
(Increase)/decrease in VAT refundable		(1 084)	(1 591)	590
Interest received		2	203	17
Interest paid		(1 944)	(256)	(83)
Taxation paid		(221)	(525)	(181)
Net cash from operating activities		6 107	4 934	7 575
Cash flow from investing activities:				
		(22 809)	(21 010)	(11 687)
Additions to plant and equipment		(7 506)	(9 173)	(8 154)
Additions to investment property		(16 014)	(8 127)	(3 544)
Proceeds on disposal of plant and equipment		240	–	11
Increase in other financial asset		471	(3 710)	–
Increase in investment in Subsidiaries		–	–	–
Cash flow from financing activities:				
		8 267	24 534	4 228
Increase in other financial liabilities		1 656	9 010	2 124
Increase in borrowings		6 611	15 524	2 104
Total cash movement for the year		(8 435)	8 458	116
Cash at the beginning of the year	11	8 612	154	38
Total cash at the end of the year	11	177	8 612	154

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

for the year ended 31 December

1. BASIS OF PREPARATION

The historical financial information has been prepared on the going concern basis in accordance with, and in compliance with, IFRS and International Financial Reporting Interpretations Committee (“**IFRIC**”) interpretations issued and effective at the time of preparing the historical financial information and the Companies Act 71 of 2008 of South Africa, as amended.

The historical financial information has been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments and incorporate the following principal accounting policies which, except as noted, have been consistently applied in all material respects. They are presented in Rand, which is the group’s functional currency.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of historical information in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2.1 Critical judgement in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the historical financial information, are outlined as follows:

Lease classification

The group is party to leasing arrangements as a lessee and as a lessor. The treatment of leasing transactions in the historical financial information is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment, management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred.

Deferred tax asset

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Refer to note 15.

Deferred taxation on investment property

Management have reviewed the investment property portfolio of Intraframe in order to determine the appropriate rate at which to measure deferred tax. Investment property is measured at fair value. The manner of recovery of the carrying amount, i.e. through use or sale, affects the determination of the deferred tax assets or liabilities. IFRS assumes that the carrying amount of investment property is recovered through sale rather than through continued use. Management considered the business model of the portfolio and concluded that the assumption is not rebutted and that the deferred taxation should be measured on the sale basis.

2.2 Key sources of estimating uncertainty

Management made estimations for which there is a significant risk of material adjustments as a result of the key estimation assumptions.

Estimation of fair value of investment property

The best evidence of fair value is current prices in an active market for similar assets. In the absence of such information, the group determines the amount within a range of reasonable fair value estimates. In making its judgement, information from a variety of sources are considered. Refer to note 8.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives are determined based on Intraframe’s replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Goodwill impairment

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGUs (or group of CGUs) to which goodwill has been allocated. Refer to note 5.

Going concern

Management considers key financial metrics to conclude that the going-concern assumption used in compiling the historical financial information is relevant. Refer to note 25

Impairment

Intraframe reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs. Refer to notes 9 & 21.2

Contingent liabilities

Management considers the existence of possible obligations which may arise from legal action as well as the possible non-compliance of the requirements of project completion guarantees and other guarantees provided. The estimation of the amount disclosed is based on the expected possible outflow of economic benefits should there be a present obligation. Refer note 23.

3. FAIR VALUE MEASUREMENT

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the historical financial information is determined on such a basis.

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

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

4. ACCOUNTING POLICIES

4.1 Consolidation

Basis of consolidation

The consolidated historical financial information incorporate the historical financial information of Intraframe and all Subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of Subsidiaries are included in the consolidated historical financial information from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the historical financial information of Subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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 with non-controlling interests that do not result in loss of control are accounted for 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 Intraframe.

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. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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.

Any contingent consideration is included in the cost of the business 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. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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 groups) 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 acquiree's assets and liabilities are reassessed in terms of classification and are reclassified 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 interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS.

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. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

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.

4.2 Goodwill

Goodwill arising on consolidation or purchase of the business represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of the Subsidiary/business at the date of acquisition. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or circumstances indicate that the carrying value may be impaired. For the purposes of impairment testing 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, irrespective of whether other assets or liabilities of the group are assigned to those units or group of units.

Impairment is determined by assessing the recoverable amount of cash-generating unit or group of units, to which goodwill relates.

Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying value an impairment loss is recognised. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or the loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

4.3 Property, plant and equipment

Property, plant and equipment are initially recognised at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Property, plant and equipment are subsequently measured at historical cost less accumulated depreciation and impairment losses. These are depreciated on the straight-line basis at rate estimated to write off the cost of assets over their estimated useful lives, on the following bases:

Item	Average useful life
Audio and camera equipment	5 to 6 years
Computer equipment	3 years
Edit equipment	4 years
Furniture and fittings	6 years
Motor vehicle	5 years
Costume, make-up and styling	5 years
Leasehold improvements	Term of lease

Depreciation is charged to profit or loss. Gains or losses arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset is accounted for in the income statement.

4.4 Investment property

Investment property, which is property held to earn rent and/or capital appreciation. Investment property is measured initially at its cost, including related transactions. Beyond initial recognition, the property is stated at its fair value at the balance sheet date. Gains and losses arising from changes in the fair value of investment property are included in the profit or loss for the period in which they arise.

4.5 Impairment

If such an indication exists, the recoverable amount of the asset is determined. Irrespective of whether an indication of impairment exists, the recoverable amount of goodwill, indefinite-life intangible assets and intangible assets not available for use are determined annually.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In determining the value in use, the estimated future cash flows of the asset is discounted to their present value based on pre-discount rates that reflects current market assessments of the time value of money and the risks that are specific to the asset.

If the value in use of an individual asset for which there is an indication of impairment cannot be determined, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An asset's cash-generating unit is the smallest group of identifiable assets that includes the asset that generates cash inflows from continuing use that are largely independent from cash inflows from other assets.

An impairment loss is recognised in profit or loss when the carrying amount of an individual asset or of a cash-generating unit exceeds its recoverable amount. If the loss relates to the reversal of a previous revaluation surplus, it is recognised directly in equity. Impairment loss recognised on cash-generating units are firstly allocated to goodwill and secondly, on pro-rata basis, to the other assets in the cash-generating unit.

With regards to other assets, impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Reversals of impairment losses on cash-generating units are allocated on a pro-rata basis to the assets in the unit, excluding goodwill.

Impairment losses are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined if no impairment loss had been recognised in the past. Reversals of impairment losses are recognised directly in profit or loss.

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The group considers evidence of impairment for receivables and held-to-maturity assets at both a specific asset and collective level. All individually significant receivables and held-to-maturity assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in the profit-or-loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

Non-financial assets, excluding investment property, biological assets, deferred tax assets and inventories, are assessed at each year end to determine whether there is an indication that the carrying amount of the asset may be impaired.

4.6 Financial assets

Financial assets are recognised in the balance sheet when the group becomes party to the contractual provisions of an instrument. Regular way purchases and sales of financial assets are recorded on the trade date.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.

The group has the following non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are initially measured at their fair value excluding any transaction costs. Subsequently these assets are measured at fair value, with gains or losses recognised in profit or loss. Net gains or losses consist of fair value adjustments and gains and losses on derecognition and they are included in "other income" or "other expenses". Interest and dividend income are reported separately from net gains or losses.

Interest income calculated using the effective interest rate method, is included in "interest received". Dividend income is recognised when the group's right to payment has been established and it is included in "other income".

Cash and cash equivalents are classified as financial assets at fair value through profit or loss. Cash and cash equivalents consists of cash in the bank and short-term deposits, and other short-term investments that are highly liquid and can readily be converted into cash.

Loans and receivables

Loans and receivables (including trade and other receivables and other financial assets) represents non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category may also include financial assets that would have been impaired or past due if the terms of the instrument were not renegotiated.

Loans and receivables are initially measured at fair value, plus transaction costs. Subsequently, items included in this category are measured at the amortised cost, calculated based on the effective interest method, and interest income is included in profit or loss for the year.

Net gains or losses represent reversals of impairment losses, impairment losses and gains and losses on derecognition. Net gains or losses are included in "other income" or "other expenses".

Short-term receivables with no stated interest rate are measured at the original invoice amount, if the effect of discounting is immaterial.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated to this category and not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive income and presented within equity in the fair value reserved. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

4.7 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

4.8 Leases

Leases in terms of which the group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Assets held under financial leases are recognised as assets at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets.

The capitalised values of the leased assets are depreciated over the estimated useful lives.

Other leases are operating leases and the leased assets are not recognised in the group's statement of financial position. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Rentals receivable under operating leases are recorded as income on a straight-line basis over the term of the relevant lease.

4.9 Financial liabilities

Financial liabilities are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial liabilities at fair value through profit or loss

A financial liability is designated in this category when its accounting treatment in terms of this category results in more relevant information than its accounting treatment in term of another category or it is regarded as a contract that contains one or more embedded derivative.

Financial liabilities at fair value through profit or loss are initially measured at the fair value excluding any transaction cost. Subsequently, these liabilities are measured at fair value with gains and losses recognised in profit or loss. Interest expense is separated from the net gains and losses on these items.

Interest expense, calculated using the effective interest method is included in "finance costs". Net gains or losses consist of gains or losses on the derecognition of items and they are included in "other income" or "other expenses".

Financial liabilities at amortised cost

Financial liabilities at amortised costs (bank overdraft, trade and other payables and other financial liabilities) are subsequently measured at amortised cost, using the effective interest method.

4.10 Provisions

Provisions are recognised when it has a present obligation as a result of a past event, and it is probable that the group will be required to settle the obligation. Provisions are measured based on the best estimate of the expenditure required to settle the present obligation at year end.

Where the effect of the time value of money is material, the amount of the provision is discounted to present value using a pre-tax rate that reflects current assessments of the time value of money. The increase in the amount of the provision as a result of the passage of time is recorded in profit or loss for the year.

4.11 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the group has a present legal obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

4.12 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable from rentals of moveable and immovable assets provided in the normal business, net of discounts and value added tax.

Finance income is recognised as the interest income accrues using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument.

Dividend income is recognised when the group becomes entitled to the dividend.

4.13 Taxation

Current tax assets and liabilities

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

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

5. NEW STANDARDS AND INTERPRETATIONS

5.1 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. These standards did not have a material impact on Intraframe's historical financial information.

Standard	Detail of amendment	Annual periods beginning on or after
IFRS 7 Financial Instruments: Disclosures	Annual Improvements 2012-2014 Cycle: Amendment clarifying under what circumstances an entity will have continuing involvement in a transferred financial asset as a result of servicing contracts.	1 January 2016
	Annual Improvements 2012-2014 Cycle: Amendment clarifying the applicability of previous amendments to IFRS 7 issued in December 2011 with regard to offsetting financial assets and financial liabilities in relation to interim financial information prepared under IAS 34.	1 January 2016
IAS 1, Presentation of Financial information	Disclosure Initiative: Amendments designed to encourage entities to apply professional judgement in determining that information to disclose in their financial information.	1 January 2016
IAS 16 Property, Plant and Equipment	Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	1 January 2016
IAS 19 Employee Benefits	Annual Improvements 2012-2014 Cycle: Clarification of the requirements of to determine the discount rate in a regional market sharing the same currency.	1 January 2016
IAS 38 Intangible Assets	Amendments to IAS 16 and IAS 38 to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset.	1 January 2016
	Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	1 January 2016

5.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and amendments, which have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2017 or later periods. The impact of these standards on the group's historical financial information is still being evaluated.

Standard	Detail of amendment	Annual periods beginning on or after
IFRS 9 Financial Instruments	Annual Improvements 2012-2014 Cycle: Amendment clarifying under what circumstances an entity will have continuing involvement in a transferred financial asset as a result of servicing contracts.	1 January 2018
IFRS 15 Revenue from Contracts from Customers	New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers.	1 January 2018
IFRS 16 Leases	New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows.	1 January 2019
	IFRS 16 contains expanded disclosure requirements for lessees.	1 January 2019
	IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information about a lessor's risk exposure, particularly to residual value risk.	1 January 2019
IAS 7 Statement of Cash Flows	Disclosure Initiative: Amendments requiring entities to disclose information about changes in their financing liabilities.	1 January 2017
IAS 12 Income Taxes	Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12): Narrow-scope amendment to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017

6. GOODWILL

	2016 Cost/ Carrying value R'000	2015 Cost/ Carrying value R'000	2014 Cost/ Carrying value R'000
Recognised at acquisition of a Subsidiary	659	659	659

When testing goodwill for impairment, the recoverable amount is determined using the fair value less cost to sell method. The fair value less cost to sell was based on the net asset value of the Subsidiary, it being engaged in the business of rental of movable and immovable assets. This method is deemed appropriate by the directors as the value of Intraframe, as a going concern, is largely determined by the assets that it owns. The directors believe that any reasonable possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount to exceed the recoverable amount.

The fair value measurement for the determination of the recoverable amount of goodwill by using the fair value less cost to sell method, has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

7. PROPERTY PLANT AND EQUIPMENT

	2016		
	Cost/ valuation R'000	Accumulated Depreciation R'000	Carrying value R'000
Audio and camera equipment	35 993	23 819	12 174
Computer Equipment	4 574	2 947	1 627
Edit equipment	9 685	6 890	2 795
Furniture and fittings	6 935	3 900	3 035
Motor Vehicles	166	133	33
Costume, make-up and styling	146	126	20
Leasehold improvements	3 594	1 562	2 032
Total	61 093	39 377	21 716

	2015		
	Cost/ valuation R'000	Accumulated Depreciation R'000	Carrying value R'000
Audio and camera equipment	33 929	20 145	13 784
Computer Equipment	3 614	2 606	1 008
Edit equipment	8 958	6 212	2 746
Furniture and fittings	5 511	3 240	2 271
Motor Vehicles	166	126	40
Costume, make-up and styling	137	118	19
Leasehold improvements	2 664	910	1 754
Total	54 979	33 357	21 622

	2014		
	Cost/ valuation R'000	Accumulated Depreciation R'000	Carrying value R'000
Audio and camera equipment	28 800	16 521	12 279
Computer Equipment	2 868	2 046	822
Edit equipment	7 356	5 476	1 880
Furniture and fittings	4 185	2 769	1 416
Motor Vehicles	166	100	66
Costume, make-up and styling	128	110	18
Leasehold improvements	2 304	576	1 728
Total	45 807	27 598	18 209

Reconciliation of property, plant and equipment – 2016

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Audio and camera equipment	13 784	2 589	(5)	(4 193)	12 175
Computer Equipment	1 009	1 414	(11)	(785)	1 627
Edit equipment	2 745	1 080	(11)	(1 019)	2 795
Furniture and fittings	2 270	1 484	–	(720)	3 034
Motor Vehicles	40	–	–	(7)	33
Costume, make-up and styling	20	9	–	(9)	20
Leasehold improvements	1 754	930	–	(652)	2 032
Total	21 622	7 506	(27)	(7 385)	21 716

Reconciliation of property, plant and equipment – 2015

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Audio and camera equipment	12 279	5 129	–	(3 624)	13 784
Computer Equipment	822	746	–	(559)	1 009
Edit equipment	1 880	1 601	–	(736)	2 745
Furniture and fittings	1 416	1 326	–	(471)	2 271
Motor Vehicles	66	–	–	(27)	39
Costume, make-up and styling	19	9	–	(8)	20
Leasehold improvements	1 727	361	–	(334)	1 754
Total	18 209	9 172	–	(5 759)	21 622

Reconciliation of property, plant and equipment – 2014

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Audio and camera equipment	9 668	5 323	(7)	(2 705)	12 279
Computer Equipment	745	571	(3)	(491)	822
Edit equipment	1 256	1 541	–	(917)	1 880
Furniture and fittings	1 336	545	–	(465)	1 416
Motor Vehicles	91	–	–	(25)	66
Costume, make-up and styling	25	–	–	(6)	19
Leasehold improvements	1 840	174	–	(287)	1 727
Total	14 961	8 154	(10)	(4 896)	18 209

8. INVESTMENT PROPERTIES

	2016 R'000	2015 R'000	2014 R'000
Opening balance	61 245	53 779	50 768
Additions – subsequent expenditure	16 014	8 127	3 544
Gain (loss) from fair value adjustment	2 896	(662)	(533)
Closing balance	80 155	61 244	53 779

Investment properties consist of portion 1 of erf 64 Braamfontein Werf, Province of Gauteng. The property has been encumbered by a first mortgage bond (note 15). The fair value of this property was performed by Promax Valuation Services, who are external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The directors consider the valuation to approximate the fair value of the property.

Investment property consists of property at erf 25436 Cape Town, measuring 7,019 m². The property has been encumbered by a first mortgage bond, (note 15). A second property is situated at erf 15744, Cape Town, measuring 489 m². Both these properties are registered in the name of the Subsidiary company. The fair value of this property was performed by Capitol Property Valuations CC who are external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The directors consider the valuation to approximate the fair value of these properties.

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The fair value for investment properties were determined based on the capitalised income method which comprises the comparative approach of income and expenses parameters pertaining to the properties. A nett operating income derived is capitalised into perpetuity at a market related yield. The capitalisation factor is determined by applying and analysing recent comparable sales as well as taking the inherent income characteristics of the properties into consideration.

The most significant inputs to the valuation process, all of which are unobservable, are the estimated rental per square meter, expense factor, vacancy rate and the capitalisation rate. The estimated fair value increases if: the estimated rental increases, vacancy levels decline or if capitalisation rates decline.

In estimating the fair value of the properties, the highest and best use is their current use.

9. INVESTMENT IN SUBSIDIARY

Ekosto is a wholly owned Subsidiary of Intraframe. Ekosto is also the only Subsidiary within the group. The remainder of the information is presented only at the company level.

10. OTHER FINANCIAL ASSETS

	2016 R'000	2015 R'000	2014 R'000
Loan to AFDA Botswana	3 239	3 710	–
Accumulated impairment loss	(3 239)	–	–
Total	–	3 710	–

The loan bears interest at an interest rate of twenty percent per annum. No repayment terms have been determined. The loan will not be recalled within the next twelve months, unless the entity is no longer able to continue as a going concern. The loan is secured over equipment sold to the entity. The directors consider that the carrying amount of the other financial assets approximates to their fair value.

11. TRADE AND OTHER RECEIVABLES

	2016 R'000	2015 R'000	2014 R'000
Trade receivables	34	63	76
Other receivables	8	8	–
Total	42	71	76

The credit risk on this class of financial asset is considered to be low. Also disclosed in note 22.

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following amounts:

	2016 R'000	2015 R'000	2014 R'000
Cash on hand and balances with banks	177	8 612	154
Bank overdraft	–	–	–
Total	177	8 612	154

Cash at banks earn interest at floating rates based on daily bank deposit rates. The group's exposure to interest rate risk for financial assets is disclosed in note 22.

13. SHARE CAPITAL

	2016 R'000	2015 R'000	2014 R'000
Authorised – 1 000 ordinary shares of R1.00 each	–	–	–
Issued – 59 ordinary shares of R1.00 each	–	–	–

14. OTHER FINANCIAL LIABILITIES

	2016 R'000	2015 R'000	2014 R'000
Loan – AFDA	57 785	56 129	47 119

This loan is unsecured and no agreement as to repayment exists. The loan bears interest at a rate mutually agreed by the parties. The loan is stated at amortised cost. The directors consider that the carrying amount of the loans approximates to their fair value.

15. BORROWINGS

	2016 R'000	2015 R'000	2014 R'000
Bond – ABSA	24 239	17 628	2 105
Less: Current portion under current liabilities	(1 710)	(1 096)	(565)
Total	22 529	16 532	1 540

These liabilities are repayable in variable monthly instalments depending on the amount outstanding, over periods of 120 months each. The liabilities bear interest at the Prime Rate. The liabilities are secured over investment properties with a carrying value as per note 8.

16. DEFERRED TAX

	2016 R'000	2015 R'000	2014 R'000
Deferred tax (assets) liabilities			
Investment property	4 089	3 442	2 991
Tax losses available for set off against future taxable income	(52)	–	–
Total net deferred tax liability	4 038	3 442	2 991

Reconciliation of opening and closing balance:

Opening balance	3 442	2 991	3 091
Fair value adjustments to investment property	648	(114)	(100)
Increase in tax loss available for set off against future taxable income	(52)	–	–
Change in capital gains inclusion rate	–	565	–
Closing balance	4 038	3 442	2 991

17. TRADE AND OTHER PAYABLES

Trade and other payables principally comprise amounts outstanding for ongoing costs. The directors consider that the carrying amount of the trade payables approximates to their fair value.

	2016 R'000	2015 R'000	2014 R'000
Trade payables	221	87	72
Other payables	2	–	1
Total	223	87	73

Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms. Exposure to liquidity risk is disclosed in note 22.

18. PROFIT ON OPERATING ACTIVITIES BEFORE INTEREST

Profit on operations before interest is arrived at after taking the following items into account:

	2016 R'000	2015 R'000	2014 R'000
Auditors' remuneration	90	59	55
Audit fees	41	33	26
Other services	49	26	29
Depreciation	7 386	5 760	4 896
Audio and camera equipment	4 110	3 260	2 705
Computer equipment	785	559	491
Edit equipment	1 020	736	917
Furniture and fittings	720	472	465
Leasehold improvements	735	698	286
Motor vehicle	7	27	25
Costume, make-up and styling	9	8	7
Operating cost directly attributable to investment property	1 205	1 409	1 152

19. INVESTMENT INCOME

	2016 R'000	2015 R'000	2014 R'000
Interest received on bank accounts	1	–	17
Interest received on SARS	2	1	–
Interest received on other financial assets	–	202	–
Total	3	203	17

20. FINANCE COST

	2016 R'000	2015 R'000	2014 R'000
Borrowings	1 944	244	81
SARS	–	12	2
Total	1 944	256	83

21. TAXATION

	2016 R'000	2015 R'000	2014 R'000
SA normal taxation at 28%	694	823	613
Current tax	97	373	713
Deferred tax	597	450	(100)
Tax Reconciliation			
Accounting profit	(266)	610	2 008
Taxation rate at 28%	(74)	171	562
Effect on taxation of:			
Expenses not deductible for tax purposes	930	17	–
Proportional tax on capital (losses)/gains	(162)	37	51
Change to capital gains inclusion rate	–	598	–
	694	823	613

The estimate tax loss available for set off against future taxable income is R187 252.

22. FINANCIAL RISK MANAGEMENT

22.1 Liquidity risk

The group monitors its risk to a shortage of funds using a liquidity model monitoring projected cash flows from operations and projected cash utilised in investing activities. The group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans and hire purchase agreements.

The cash flows from debtors and creditors are reasonably well matched in that payments are made to creditors on the same terms and conditions given to customers. It is anticipated that the year-end position will be settled within a 30-day time frame.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	2016			
	Carrying amount R'000	Contractual Cash flows R'000	Within 3 months R'000	Within 12 months R'000
Other financial liabilities	57 785	(57 785)	–	–
Borrowings	24 239	(33 833)	(268)	(3 759)
Trade and other payables	222	(222)	(222)	–
	82 246	(91 840)	(490)	(3 759)

	2015			
	Carrying amount R'000	Contractual Cash flows R'000	Within 3 months R'000	Within 12 months R'000
Other financial liabilities	56 129	(56 129)	–	–
Borrowings	17 628	(27 663)	(692)	(2 075)
Trade and other payables	87	(87)	(87)	–
	73 844	(83 879)	(779)	(2 075)

	2014			
	Carrying amount R'000	Contractual Cash flows R'000	Within 3 months R'000	Within 12 months R'000
Other financial liabilities	47 119	(47 119)	–	–
Borrowings	2 105	(2 453)	(141)	(424)
Trade and other payables	73	(73)	(73)	–
	49 297	(49 645)	(214)	(424)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

22.2 Credit risk

Credit risk is primarily attributable to the group's accounts receivable. The amount presented in the statement of financial position is net of impairment, based on management's prior experience and their assessment of the economic environment.

Credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets represents the maximum credit exposure and were as follow at the reporting date:

	2016 R'000	2015 R'000	2014 R'000
Other financial assets	–	3 710	–
Trade and other receivables	42	72	75
Cash and cash equivalents	177	8 612	154
	219	12 394	229

Other financial assets

The other financial assets consists of a loan made to a related party and are stated at cost. The loan is tested for impairment on an annual basis. The maximum exposure to credit risk at the reporting date is the value of each class of loan mentioned above. The group does not hold any collateral as security.

Trade and other receivables

The group's exposure to credit risk is mainly influenced by the individual characteristics of each customer. The group applies a credit policy under which each new customer is analysed individually for creditworthiness before standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the directors.

Customers who fail to meet the benchmark creditworthiness of Intraframe may only transact on a prepayment bases.

The group impairs trade and other receivables for losses based on specifics that relates to individual receivables. No previous default from customers let the group to believe that no impairment allowance is necessary in respect of trade receivables.

There were no trade receivables at the reporting date that were past due but not impaired.

22.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Currency risk

The group is not exposed to currency risk on loans made, denominated in a foreign currency. Loans made to entities outside of the borders of South Africa is denominated in South African Rand.

Interest rate risk

The group has all of its interest rate risk which relates to borrowings as variable interest risk and no fixed interest rates. At the reporting date the interest rate profile of the group's financial instruments was as follows:

	2016 R'000	2015 R'000	2014 R'000
Financial assets	177	8 612	154
Financial liabilities	(24 239)	(17 628)	(2 104)

The group is exposed to interest rate risk as it borrows and places funds at floating rates. The group does not have a fixed interest rate risk policy as it assesses each instrument based on the current economic circumstances. The following table demonstrates the sensitivity to a 0.5% per annum change in variable interest rates, assuming the year end funding position remains unchanged and with all other variables held constant, on the group's profit before tax:

	2016 R'000	2015 R'000	2014 R'000
Increase			
Cash and cash equivalents	1	43	1
Interest bearing loans and borrowings	(119)	(77)	(18)
Decrease			
Cash and cash equivalents	(1)	(43)	(1)
Interest bearing loans and borrowings	119	77	18

22.4 Capital management

The primary objective of the group's capital management is to ensure that it has sufficient funding to support the business' capital requirements and maximise shareholder value.

The group manage its capital structure and makes adjustments to it, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders or return capital to shareholders.

The group monitors capital requirements using budgeting and forecasting models rather than maintaining a gearing policy.

23. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	Fair value through profit or loss R'000	Loans and receivables R'000	Financial liabilities at amortised cost R'000	Total carrying amount R'000	Fair value R'000
31 December 2016					
Trade and other receivable	-	42	-	42	42
Cash and cash equivalents	177	-	-	177	177
Total	177	42	-	219	219
Other financial liabilities	-	-	(57 785)	(57 785)	(57 785)
Borrowings	-	-	(24 239)	(24 239)	(24 239)
Trade and other payables	-	-	(223)	(223)	(223)
Total	-	-	(82 247)	(82 247)	(82 247)

	Fair value through profit or loss R'000	Loans and receivables R'000	Financial liabilities at amortised cost R'000	Total carrying amount R'000	Fair value R'000
31 December 2015					
Other financial assets	-	3 710	-	3 710	3 710
Trade and other receivable	-	72	-	72	72
Cash and cash equivalents	8 612	-	-	8 612	8 612
Total	8 612	3 782	-	12 394	12 394
Other financial liabilities	-	-	(56 129)	(56 129)	(56 129)
Borrowings	-	-	(17 628)	(17 628)	(17 628)
Trade and other payables	-	-	(87)	(87)	(87)
Total	-	-	(73 844)	(73 844)	(73 844)

31 December 2014	Fair value through profit or loss R'000	Loans and receivables R'000	Financial liabilities at amortised cost R'000	Total carrying amount R'000	Fair value R'000
Trade and other receivable	–	76	–	76	76
Cash and cash equivalents	154	–	–	154	154
Total	154	76	–	230	230
Other financial liabilities	–	–	(47 119)	(47 119)	(47 119)
Borrowings	–	–	(2 105)	(2 105)	(2 105)
Trade and other payables	–	–	(73)	(73)	(73)
Total	–	–	(49 297)	(49 297)	(49 297)

The interest rates used to discount estimated cash flows, when applicable, are based on the government bond yield curve at the reporting date plus an appropriate credit spread and were as follows:

	2016	2015	2014
Loans and borrowings	9.75% – 10.5%	9.25% – 9.75%	9.0% – 9.5%
Bank overdrafts	13.25% – 18.0%	12.8% – 14.1%	12.5% – 13.9%

24. CONTINGENCIES

The group has contingent liabilities in respect of bank guarantees, with relation to the borrowings outstanding.

The South African Revenue Services have not allowed all the VAT inputs claimed for a specific period, as a result of not receiving the supportive documentation. An objection with the supportive documentation was lodged with the South African Revenue Services. The VAT receivable account was not reduced with an amount of R350,000 pending the outcome of the objection.

25. RELATED PARTY TRANSACTIONS

Relationship	Name
Director and shareholder:	G Holmes
Director and shareholder:	BJ Passchier
Entity owned and managed by common shareholders:	AFDA
Entity owned and managed by common shareholders:	Ekosto
Entity owned and managed by common shareholders:	AFDA Botswana

Trading transactions:

		2016	2015	2014
		R'000	R'000	R'000
Related party transactions:				
AFDA	Rent received	10 759	8 842	7 895
AFDA Botswana	Sale of equipment	–	3 508	–
AFDA Botswana	Interest Received	–	202	–

Amounts owed by/(to) related parties

		2016	2015	2014
		R'000	R'000	R'000
Related party balances:				
AFDA	Loan payable	(57 785)	(56 129)	(47 119)
Ekosto	Loan receivable	–	–	–
AFDA Botswana	Loan receivable	–	3 710	–

26. GOING CONCERN

The historical financial information has been prepared on the going concern basis, since the directors have every reason to believe that the group have adequate resources in place to continue with operations for the foreseeable future.

27. OPERATING LEASE ARRANGEMENTS

27.1 As lessee

Operating leases – future minimum rentals payable under non-cancellable operating lease:

31 December 2016	< 12 months R'000	1 to 5 years R'000	Total R'000
Parking areas	18	–	18

31 December 2015	< 12 months R'000	1 to 5 years R'000	Total R'000
Parking areas	–	–	–

31 December 2014	< 12 months R'000	1 to 5 years R'000	Total R'000
Parking areas	–	–	–

27.2 As lessor

Operating leases – future minimum rentals receivable under non-cancellable operating lease:

31 December 2016	< 12 months R'000	1 to 5 years R'000	More than 5 years R'000	Total R'000
Premises	4 003	4 900	–	8 903
Equipment	8 806	11 363	–	20 169
Total	12 809	16 263	–	29 072

31 December 2015				
Premises	3 703	7 801	–	11 504
Equipment	8 850	20 940	–	29 790
Total	12 553	28 741	–	41 294

31 December 2014				
Premises	3 019	9 112	1 025	13 156
Equipment	5 628	16 883	–	22 511
Total	8 647	25 995	1 025	35 667

28. SUBSEQUENT EVENTS

No subsequent have been identified that has not be dealt with in the historical financial information.

29. PRIOR PERIOD ERROR

Prior period error relates to Value Added Taxation claimed from South African Revenue Services, which have not been allowed in the past and despite efforts of objections, these items now have reached the statutory date of expiration and may no longer be claimed. Taxation has not been taken into account.

	2016 R'000	2015 R'000	2014 R'000
SARS – VAT & retained earnings – decrease	–	(180)	(296)

30. HEADLINE EARNINGS RECONCILIATION

	2016 R'000	2015 R'000	2014 R'000
(Loss)/profit for the year	(959)	(212)	1 395
Impairment loss	3 239	–	–
Fair value adjustment (gain)/loss	(2 897)	662	533
(Profit)/loss on disposal of assets	(215)	8	–
Taxation thereon	709	(151)	(119)
	(123)	307	1 809
Headline earnings per share (cents)	(207 193)	521 433	3 065 550
Diluted headline earnings per share (cents)	(207 193)	521 433	3 065 550

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF INTRAFRAME FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

The definitions and interpretations commencing on page 13 of the Pre-listing Statement apply to this **Annexure 10**.

The Board of Directors
STADIO Holdings Limited
Unit 13
San Domenico
10 Church Street
Durbanville
7550

12 September 2017

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANT'S AUDIT REPORT ON THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF INTRAFRAME FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014.

Our opinion

STADIO is issuing the Pre-listing Statement to its shareholders regarding the Listing.

In our opinion, the consolidated historical financial information presents fairly, in all material respects, the financial position of Intraframe Proprietary Limited ("**Intraframe**") and its Subsidiary as at 31 December 2016, 2015 and 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the JSE Listings Requirements.

What we have audited

At your request and solely for the purpose of the pre-listing statement to be dated on or about 15 September 2017, Intraframe and its Subsidiary's consolidated historical financial information as set out in **Annexure 9** of the pre-listing statement comprises:

- the statement of financial position as at 31 December 2016, 2015 and 2014;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the historical financial information, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Reporting accountant's responsibilities for the audit of the consolidated historical financial information* section of our report.

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

Key audit matters

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

Key audit matter	How the Matter was Addressed in our Audit
<p>Determination of useful life of certain property, plant and equipment of a technical nature. Refer to annexure 9, accounting policy 4.3 and note 7 to the consolidated financial statements</p> <p>The carrying value of the Group's property, plant and equipment is material and includes depreciable assets.</p> <p>There is a risk that the carrying value of depreciable assets may be incorrect due to the significant judgement required by the directors in estimating their useful lives.</p> <p>As the property, plant and equipment balance is material to the Group and significant judgement is exercised by the directors in estimating the useful lives of depreciable assets, the carrying value of property, plant and equipment is considered to be a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • We compared the useful lives allocated to the asset category which is used in the calculation of the depreciation of the assets to the actual useful lives of similar assets at the end of their useful lives and market related data where available. • We recalculated the depreciation amounts and the carrying values of depreciable assets. • We also evaluated the adequacy of the Group's disclosures of the useful lives of depreciable assets with reference to the applicable accounting standards. <p>Our procedures did not reveal any material misstatements. We found the useful lives of depreciable assets to be reasonable. We consider the disclosures to be adequate with reference to the applicable accounting standards.</p>

Valuation of special purpose build investment properties. Refer to annexure 9, accounting policy 4.4 and note 8 to the consolidated financial statements

The group continued to state the investment property at fair value. The fair value movements in the properties are recognised through profit or loss.

Valuations of all the properties are based on key assumptions used in income capitalisation approach, which include:

- expected capitalisation rates;
- estimated rental income per square meter;
- expense factor;
- and vacancy rate.

These transactions and their accounting implications are, by their nature, considered significant and complex and have thus been considered to be a key audit matter in our audit of both the consolidated and separate financial statements.

- We assessed the competence, capabilities and objectivity of the directors' independent valuers, and verified their qualifications. In addition, we discussed the scope of their work with management and reviewed their terms of engagement to determine that there were no matters that affected their independence and objectivity or imposed scope limitations upon them. We confirmed that the approaches they used are consistent with IFRS and industry norms.
- evaluating the data utilised by the valuator for accuracy and completeness;
- challenging the reasonableness of the key assumptions of the valuator against readily available market information; and
- evaluating whether alternative valuation methods were considered and compare the outcomes of the alternatives to the actual valuation.

Independence

We are independent of Intraframe and its Subsidiary in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants (Parts A and B)*.

Purpose of this report

This report has been prepared for the purpose of the pre-listing statement and for no other purpose.

Responsibilities of the directors for the consolidated historical financial information

The directors are responsible for the preparation, contents and presentation of the pre-listing statement and are responsible for ensuring that Intraframe and its Subsidiary complies with the JSE Listings Requirements. The directors are responsible for the preparation and fair presentation of the consolidated historical financial information in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated historical financial information that are free from material misstatement, whether due to fraud or error.

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

Reporting accountant's responsibilities for the audit of the consolidated historical financial information

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

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

- Identify and assess the risks of material misstatement of the consolidated historical financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Intraframe and its Subsidiary's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Intraframe and its Subsidiary's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountant's report to the related disclosures in the consolidated historical financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountant's report. However, future events or conditions may cause Intraframe and its Subsidiary to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated historical financial information, including the disclosures, and whether the consolidated historical financial information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Middel & Partners.

Partner: CW Middel

Registered Auditor

Irene

PRO FORMA FINANCIAL INFORMATION OF STADIO

The definitions and interpretations commencing on page 13 of the Pre-listing Statement apply to this Annexure 11.

The *pro forma* consolidated statement of financial position of STADIO as at 31 December 2016 and the *pro forma* consolidated financial results of STADIO for the year ended 31 December 2016 are set out below. The *pro forma* financial information has been prepared for illustrative purposes only to provide information on how the Listing and Material Acquisitions might have impacted on the financial position and results of operations of STADIO. Due to its nature, the *pro forma* financial information may not fairly present STADIO's financial position or results of operations after the Listing and Material Acquisitions. The *pro forma* financial information is presented in a manner that is consistent with the accounting policies of STADIO.

The *pro forma* financial information set out below, have been prepared in terms of IFRS, the accounting policies of STADIO and The South African Institute of Chartered Accountants' Guide on *Pro Forma* Financial Information. The report of the Independent Reporting Accountants, which is included as **Annexure 12** to this Circular, should be used in conjunction with the *pro forma* financial information set out in this **Annexure 11**.

The Directors are responsible for the preparation of the *pro forma* financial information. The *pro forma* consolidated statement of financial position of STADIO has been prepared on the assumption that the Listing and Material Acquisitions were effected on 31 December 2016, while the *pro forma* consolidated statement of comprehensive income has been prepared on the assumption that the Listing and Material Acquisitions was effected on 1 January 2016 (i.e. the beginning of the 31 December 2016 financial year).

STATEMENT OF COMPREHENSIVE INCOME

	Audited 31 December 2016 STADIO ¹ R 000	Embury ² R 000	<i>Pro forma</i> AFDA Acqui- sition ³ R 000	<i>Pro forma</i> SBS Acqui- sition ⁴ R 000	STADIO Group con- solidation ⁵ R 000	Acqui- sitions and Listing costs R 000	Total <i>pro forma</i> STADIO ⁶ R 000
Revenue	-	47 525	138 319	110 788	-	-	296 632
Operating expenditure	-	(36 557)	(94 840)	(67 859)	-	(6 691) ⁶	(205 947)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	-	10 968	43 479	42 929	-	(6 691)	90 685
Depreciation and amortisation	-	(1 045)	(7 386)	(924)	(5 421)	-	(14 776)
Earnings before interest and taxation (EBIT)	-	9 923	36 093	42 005	(5 421)	(6 691)	75 909
Investment revenue	-	1 654	5 840	908	-	-	8 402
Impairment loan	-	-	(5 550)	-	-	-	(5 550)
Profit fair value adjustment investment property	-	-	2 897	-	(2 897)	-	-
Finance costs	-	-	(1 945)	(633)	-	(29 549) ⁷	(32 127)
Profit before taxation	-	11 577	37 335	42 280	(8 318)	(36 240)	46 634
Taxation	-	(3 242)	(12 026)	(10 339)	1 518	-	(24 089)
Profit for the year	-	8 335	25 309	31 941	(6 800)	(36 240)	22 545
Comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	8 335	25 309	31 941	(6 800)	(36 240)	22 545
Profit attributable to:							
Owners of the parent	-	8 335	25 309	31 941	(6 800)	(36 240)	22 545
Non-controlling interest	-	-	-	(2 737)	(7 593)	-	(10 330)
	-	8 335	25 309	29 204	(14 393)	(36 240)	12 215
Reconciliation between earnings and headline earnings							
Basic earnings	-	8 335	25 309	29 204	(14 393)	(36 240)	12 215
Adjusted for:							
(Profit)/loss on sale of PPE	-	(8)	(215)	31	-	-	(192)
(Profit)/loss from fair value adjustment to investment property	-	-	(2 897)	-	2 897	-	-
Impairment of loan	-	-	5 550	-	-	-	5 550
Taxation effect of reconciling items	-	2	709	(9)	-	-	702
Headline earnings	-	8 329	28 456	29 226	(11 496)	(36 240)	18 275
Weighted average number of shares in issue ('000) ⁸							481 364
Earnings per Share (cents)							2.5
Headline earnings per Share (cents)							3.8

NOTES AND ASSUMPTIONS

1. Extracted, without adjustment, from the audited consolidated statement of comprehensive income of STADIO for the year ended 31 December 2016 prepared in compliance with IFRS and audited by PricewaterhouseCoopers who issued an unqualified audit opinion thereon. The audited statement of comprehensive income together with the PricewaterhouseCoopers audit opinion are open for inspection at STADIO's office.
2. Extracted, without adjustment, from the audited statement of comprehensive income of Embury for the year ended 31 December 2016 prepared in compliance with IFRS and audited by PricewaterhouseCoopers who issued an unqualified audit opinion thereon. The audited statement of comprehensive income together with the PricewaterhouseCoopers audit opinion are open for inspection at STADIO's office.
3. Extracted, without adjustment, from the *pro forma* consolidated statement of comprehensive income of AFDA set out in paragraph 11.1 of this **Annexure 11**.
4. Extracted, without adjustment, from the *pro forma* consolidated statement of comprehensive income of the Southern Business School set out in paragraph 11.2 of this **Annexure 11**.
5. Represents the STADIO Group consolidation adjustment pertaining to the amortisation of intangible assets (customer list) recognised on acquisition, over a 3 year period (R5.4 million) and the related deferred tax (R1.5 million). This adjustment also eliminates the profit recognised for the fair value adjustment on investment property of R2.9 million in compliance with the STADIO Group's accounting policy on property, plant and equipment. The investment property is owner occupied on a group consolidation level therefore it has been reclassified to property, plant and equipment and the fair value adjustment reversed.
6. Represents non-recurring acquisitions and Listing costs, which includes Listing fees (R3.8 million as per paragraph 27 of the Pre-listing Statement) and transaction costs relating to the STADIO restructuring, the SBS Acquisition and the AFDA Acquisition (R2.9 million).
7. The finance costs represent the cost of funding assuming that the Curro bridge funding was in place for a period of 12 months. As set out in **Annexure 24** of the Pre-listing Statement, Curro will provide bridge funding to STADIO to fund the AFDA Acquisition and the SBS Acquisition, which funding will be settled immediately post the implementation of the Rights Offer and had the Rights Offer and the B-BBEE Transaction been effective at the beginning of 2016, interest would have been generated on the unutilised portion of the Rights Offer and the B-BBEE Transaction proceeds. As such, the finance costs for the STADIO Group, as reflected in the *pro forma* financial information, is not indicative of the actual finance costs.
8. Reflects STADIO *pro forma* statement of comprehensive income after the Listing and Material Acquisitions.
9. The weighted average number of shares in issue takes into consideration the additional shares issued to Curro as part of the STADIO restructure (note 10) (410.6 million) as well as to the AFDA Vendors (37.0 million) and SBS Vendor (33.8 million) in settlement of the share-settled portion of the respective purchase considerations.
10. The STADIO Group effected an intergroup restructure, by way of an asset for share transfer transaction in terms of section 42 of the Income Tax Act. This restructure included the transfer by Curro of its original investment in Embury (to the value of R60.8 million) and the capitalisation of a loan account (to the value of R210.7 million) to STADIO Investment Holdings in exchange for shares in STADIO Investment Holdings and then ultimately in exchange for Shares in STADIO.
11. The CA Connect Acquisition, the details of which are summarised in paragraph 14 of this Pre-listing Statement, has not been taken into account in the preparation of the *pro forma* financial information, as it will only be implemented on 1 January 2018.
12. The effects of the Rights Offer, details of which are summarised in paragraph 5 of the Pre-listing Statement, as well as the B-BBEE Transaction, details of which are summarised in paragraph 11 of Pre-listing Statement, have not been taking into account in the preparation of the *pro forma* financial information as the terms thereof are still subject to the discretion of the Board. Both the Rights Offer and the B-BBEE Transaction will be undertaken post the Listing of STADIO on the JSE.

STATEMENT OF FINANCIAL POSITION

	Audited 31 December 2016 STADIO ¹ R 000	Embury ² R 000	Pro forma AFDA Acquisition ³ R 000	Pro forma SBS Acquisition ⁴ R 000	STADIO Group con- solidation ⁵ R 000	Acqui- sitions and Listing costs ⁶ R 000	Total pro forma STADIO ⁷ R 000
Assets							
Non-current assets	-	93 871	118 975	12 189	512 841	-	737 876
Property, plant and equipment	-	73 806	21 716	10 363	129 311 ^{8,11}	-	235 196
Investment property	-	-	80 155	-	(80 155) ⁸	-	-
Intangible assets	-	20 065	659	-	477 190 ⁹	-	497 914
Deferred taxation	-	-	2 940	-	-	-	2 940
Loans to directors	-	-	13 505	-	(13 505) ¹⁰	-	-
Other financial assets	-	-	-	1 826	-	-	1 826
Current assets	-	157 988	37 896	29 226	(36 495)	(6 691)	181 924
Inventories	-	3 807	-	-	-	-	3 807
Taxation receivable	-	3 808	219	194	-	-	4 221
Loans to related parties	-	229	-	-	-	-	229
Trade and other receivables	-	2 873	8 863	11 801	-	-	23 537
Cash and cash equivalents	-	147 271	28 814	17 231	(36 495) ^{10,14}	(6 691)	150 130
Total assets	-	251 859	156 871	41 415	476 346	(6 691)	919 800
Equity and liabilities							
Equity							
Share capital	-	-	-	-	540 631 ¹¹	-	540 631
Retained income	-	26 859	107 712	22 139	(133 267) ¹⁶	(6 691)	16 752
Total attributable equity	-	26 859	107 712	22 139	407 364	(6 691)	557 383
Non-controlling interest	-	-	-	8 882	5 756 ¹⁷	-	14 638
Total equity	-	26 859	107 712	31 021	413 120	(6 691)	572 021
Liabilities							
Non-current liabilities	-	2 857	27 154	4 562	43 890	-	78 463
Deferred taxation	-	2 857	4 037	299	3 890	-	11 083
Deferred compensation	-	-	-	-	40 000 ¹²	-	40 000
Operating lease liability	-	-	588	-	-	-	588
Financial liabilities	-	-	22 529	4 263	-	-	26 792
Current liabilities	-	222 143	22 005	5 832	19 336	-	269 316
Financial liabilities	-	-	1 710	291	-	-	2 001
Intergroup loan	-	210 664	-	-	(210 664) ¹¹	-	-
Income received in advance	-	7 373	9 584	-	-	-	16 957
Trade and other payables	-	4 106	4 243	2 845	-	-	11 194
Bank overdraft	-	-	295	-	-	-	295
Taxation payable	-	-	6 173	2 696	-	-	8 869
Related party loan	-	-	-	-	230 000 ¹³	-	230 000
Total equity and liabilities	-	251 859	156 871	41 415	476 346	(6 691)	919 800
Net asset value (R'000)							572 021
Net tangible asset value (R'000)							74 107
Number of shares in issue ('000) ¹⁵							481 364
Net asset value per Share (cents)							118.8
Net tangible asset value per Share (cents)							15.4

NOTES AND ASSUMPTIONS

1. Extracted, without adjustment, from the audited consolidated statement of financial position of STADIO as at 31 December 2016 prepared in compliance with IFRS and audited by PricewaterhouseCoopers who issued an unqualified audit opinion thereon. The audited statement of financial position together with the PricewaterhouseCoopers audit opinion are open for inspection at STADIO's office.
2. Extracted, without adjustment, from the audited statement of financial position of Embury as at 31 December 2016 prepared in compliance with IFRS and audited by PricewaterhouseCoopers who issued an unqualified audit opinion thereon. The audited statement of financial position together with the PricewaterhouseCoopers audit opinion are open for inspection at STADIO's office.
3. Extracted, without adjustment, from the *pro forma* consolidated statement of financial position of AFDA set out in paragraph 11.1 of this **Annexure 11**.
4. Extracted, without adjustment, from the *pro forma* consolidated statement of financial position of the Southern Business School set out in paragraph 11.2 of this **Annexure 11**.
5. Represents the STADIO Group consolidation and restructure adjustments as explained further in notes 8 to 17.
6. Represents the Material Acquisition transaction costs (R2.9 million) and Listing cost (R3.8 million) adjustments.
7. Reflects STADIO *pro forma* statement of financial position after the listing and Material Acquisitions.
8. Represents the STADIO Group consolidation adjustments in respect of the de-recognition on consolidation of investment property which has been transferred to property, plant and equipment (R80.2 million) in compliance with the STADIO Group's accounting policy for property, plant and equipment.
9. Represents the intangible assets (including Goodwill) arising on consolidation of the STADIO Group split as follows:

	R'000
Embury	57 728
AFDA	233 248
Southern Business School	186 214
	477 190

10. Represents the elimination of the loan owing by a director, (R13.5 million) which will be settled by a reduction of the purchase price payable to the AFDA Vendors.
11. Includes the adjustments in respect of the STADIO restructure of the Curro investment in Embury and capitalisation of loan account in Embury to STADIO as well as the share-settled portion of the purchase consideration in terms of the AFDA Acquisition and SBS Acquisition, split as follows:

	R'000
Curro restructure of investment in Embury, property transfer and capitalisation of loan	320 631
AFDA Acquisition share-settled purchase consideration	120 000
SBS Acquisition share-settled purchase consideration	100 000
	540 631

12. Represents the potential top-up consideration payable to AFDA (approximately R40 million), based on earn out criteria as set out in paragraph 12.3.6 of the Pre-listing Statement.
13. Refers to the bridge funding provided by Curro to fund the cash settled portion of the AFDA Acquisition (R130 million) and SBS Acquisition (R100 million). This bridge funding will be settled immediately post the conclusion of the Rights Offer as set out in paragraph 5 of this Pre-Listing Statement.
14. R50 million of the cash settled portion of the purchase consideration in terms of the AFDA Acquisition is settled in cash, less the loan owing by a director as described in note 10 above.
15. Refers to the recognition of deferred tax on the customer list intangible asset.
16. Refers to the elimination of opening retained earnings (IFRS 3 consolidation adjustment).
17. Refers to the recognition of the non-controlling interest of 26% in terms of the SBS Acquisition (IFRS 3 consolidation adjustment).
18. The number of shares in issue takes into consideration the additional shares issued to Curro as part of the STADIO restructure (410.6 million) (note 19) as well as to the AFDA Vendors (37.0 million) and SBS Vendor (33.8 million) in settlement of the share-settled portions of the purchase consideration.
19. The STADIO Group effected an intergroup restructuring, by way of an asset for share transfer transaction in terms of section 42 of the Income Tax Act. This restructuring included the transfer by Curro of its original investment in Embury (to the value of R60.8 million) and the capitalisation of a loan account (to the value of R210.7 million) to STADIO Investment Holdings in exchange for shares in STADIO Investment Holdings and then ultimately in exchange for Shares in STADIO.
20. The CA Connect Acquisition, the details of which are summarised in paragraph 14 of this Pre-listing Statement, has not been taken into account in the preparation of the *pro forma* financial information, as it will only be implemented on 1 January 2018.
21. The effects of the Rights Offer, details of which are summarised in paragraph 5 of Pre-listing Statement, as well as the B-BBEE Transaction, details of which are summarised in paragraph 11 of Pre-listing Statement, have not been taken into account in the preparation of the *pro forma* financial information as the terms thereof are still subject to the discretion of the Board. Both the Rights Offer and the B-BBEE Transaction will be undertaken post the Listing of STADIO on the JSE.

11.1 CONSOLIDATED *PRO FORMA* STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION OF AFDA AND INTRAFRAME

Set out below is the *pro forma* statement of comprehensive income and financial position relating to AFDA.

The *pro forma* financial information has been prepared in terms of IFRS, the Guide on *Pro forma* Financial Information issued by SAICA and the accounting policies of STADIO.

The STADIO Directors are responsible for the preparation of the *pro forma* financial information of AFDA and Intraframe.

Both AFDA and Intraframe (an investment and property company owning the property and moveable assets used by AFDA to conduct its business) were acquired in terms of the AFDA Acquisition from the AFDA Vendors. The *pro forma* financial information below shows the *pro forma* consolidation of AFDA and Intraframe to provide the user with relevant information regarding the overall business of AFDA.

STATEMENT OF COMPREHENSIVE INCOME

	Audited 31 December 2016 AFDA ¹ R'000	Audited 31 December 2016 Intraframe ² R'000	Consolidation ³ R'000	<i>Pro forma</i> AFDA Acquisition R'000
Revenue	137 438	11 640	(10 759)	138 319
Operating expenditure	(103 363)	(2 236)	10 759	(94 840)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	34 075	9 404	–	43 479
Depreciation and amortisation	–	(7 386)	–	(7 386)
Earnings before interest and taxation (EBIT)	34 075	2 018	–	36 093
Investment revenue	5 837	3	–	5 840
Impairment loan	(2 311)	(3 239)	–	(5 550)
Profit fair value adjustment investment property	–	2 897	–	2 897
Finance costs	(1)	(1 944)	–	(1 945)
Profit before taxation	37 600	(265)	–	37 335
Taxation	(11 332)	(694)	–	(12 026)
Profit for the year	26 268	(959)	–	25 309
Comprehensive income	–	–	–	–
Total comprehensive income	26 268	(959)	–	25 309
Profit attributable to:				
Owners of the parent	26 268	(959)	–	25 309
Non-controlling interest	–	–	–	–
	26 268	(959)	–	25 309
Reconciliation between earnings and headline earnings				
Basic earnings	26 268	(959)	–	25 309
Adjusted for:				
(Profit)/loss on sale of PPE	–	(215)	–	(215)
(Profit)/loss from fair value adjustment to investment property	–	(2 897)	–	(2 897)
Impairment of loan	2 311	3 239	–	5 550
Taxation effect of reconciling items	–	709	–	709
Headline earnings	28 579	(123)	–	28 456

NOTES AND ASSUMPTIONS

1. Extracted, without adjustment, from the audited statement of comprehensive income of AFDA for the year ended 31 December 2016 prepared in compliance with IFRS and audited by Middel & Partners who issued an unqualified audit opinion thereon. The audited statement of comprehensive income together with the Middel & Partners audit opinion are open for inspection at STADIO's office.
2. Extracted, without adjustment, from the audited statement of comprehensive income of Intraframe for the year ended 31 December 2016 prepared in compliance with IFRS and audited by Middel & Partners who issued an unqualified audit opinion thereon. The audited statement of comprehensive income together with the Middel & Partners audit opinion are open for inspection at STADIO's office.
3. Represents the elimination of intergroup rental paid/received (R10.8 million). This adjustment is expected to have a continuing effect.
4. Represents the *pro forma* consolidated AFDA and Intraframe statement of comprehensive income.

STATEMENT OF FINANCIAL POSITION

	Audited 31 December 2016 AFDA ¹ R 000	Audited 31 December 2016 Intraframe ² R 000	Consolidation ³ R 000	<i>Pro forma</i> AFDA Acquisition R 000
Assets				
Non-current assets	74 230	102 530	(57 785)	118 975
Property, plant and equipment	–	21 716	–	21 716
Investment property	–	80 155	–	80 155
Intangible assets	–	659	–	659
Deferred taxation	2 940	–	–	2 940
Loans to directors	13 505	–	–	13 505
Other financial assets	57 785	–	(57 785)	–
Current assets	34 329	3 567	–	37 896
Taxation receivable	–	219	–	219
Trade and other receivables	5 692	3 171	–	8 863
Cash and cash equivalents	28 637	177	–	28 814
Total assets	108 559	106 097	(57 785)	156 871
Equity and liabilities				
Equity				
Share capital	–	–	–	–
Retained income	87 899	19 813	–	107 712
Total attributable equity	87 899	19 813	–	107 712
Non-controlling interest	–	–	–	–
Total equity	87 899	19 813	–	107 712
Liabilities				
Non-current liabilities	588	84 351	(57 785)	27 154
Deferred taxation	–	4 037	–	4 037
Operating lease liability	588	–	–	588
Financial liabilities	–	22 529	–	22 529
Intergroup loan	–	57 785	(57 785)	–
Current liabilities	20 072	1 933	–	22 005
Financial liabilities	–	1 710	–	1 710
Income received in advance	9 584	–	–	9 584
Trade and other payables	4 020	223	–	4 243
Bank overdraft	295	–	–	295
Taxation payable	6 173	–	–	6 173
Total equity and liabilities	108 559	106 097	(57 785)	156 871

NOTES AND ASSUMPTIONS

1. Extracted, without adjustment, from the audited statement of financial position of AFDA as at 31 December 2016 prepared in compliance with IFRS and audited by Middel & Partners who issued an unqualified audit opinion thereon. The audited statement of financial position together with the Middel & Partners audit opinion are open for inspection at STADIO's office.
2. Extracted, without adjustment, from the audited statement of financial position of Intraframe as at 31 December 2016 prepared in compliance with IFRS and audited by Middel & Partners who issued an unqualified audit opinion thereon. The audited statement of financial position together with the Middel & Partners audit opinion are open for inspection at STADIO's office.
3. Represents the elimination of intergroup loans between AFDA and Intraframe payable/receivable.
4. Represents the *pro forma* consolidated AFDA and Intraframe statement of financial position.

11.2 CONSOLIDATED *PRO FORMA* STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION OF THE SOUTHERN BUSINESS SCHOOL

Set out below is the *pro forma* statement of comprehensive income and financial position relating to the Southern Business School. STADIO Investment Holdings, a wholly owned Subsidiary of STADIO, will own 74% of the Southern Business School.

The *pro forma* financial information has been prepared in terms of IFRS the Guide on *Pro forma* Financial Information issued by SAICA and the accounting policies of STADIO.

The STADIO Directors are responsible for the preparation of the *pro forma* financial information of the Southern Business School.

The Southern Business School and the Southern Business School of Namibia were not previously consolidated and this *pro forma* shows the consolidation of these entities.

STATEMENT OF COMPREHENSIVE INCOME

	Audited 31 December 2016 SBS ¹ R 000	Audited 31 December 2016 SBS Namibia ² R 000	Consolidation ³ R 000	<i>Pro forma</i> SBS ⁴ R 000
Revenue	84 196	28 266	(1 674)	110 788
Operating expenditure	(48 950)	(20 583)	1 674	(67 859)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	35 246	7 683	–	42 929
Depreciation and amortisation	(627)	(297)	–	(924)
Earnings before interest and taxation (EBIT)	34 619	7 386	–	42 005
Investment revenue	799	109	–	908
Impairment loan	–	–	–	–
Profit fair value adjustment investment property	–	–	–	–
Finance costs	(129)	(504)	–	(633)
Profit before taxation	35 289	6 991	–	42 280
Taxation	(8 934)	(1 405)	–	(10 339)
Profit for the year	26 355	5 586	–	31 941
Comprehensive income	–	–	–	–
Total comprehensive income	26 355	5 586	–	31 941
Profit attributable to:				
Owners of the parent	26 355	5 586	–	31 941
Non-controlling interest	–	–	(2 737)	(2 737)
	26 355	5 586	(2 737)	29 204
Reconciliation between earnings and headline earnings				
Basic earnings	26 355	5 586	(2 737)	29 204
Adjusted for:				
(Profit)/loss on sale of property, plant and equipment	31	–	–	31
(Profit)/loss from fair value adjustment to investment property	–	–	–	–
Impairment of loan	–	–	–	–
Taxation effect of reconciling items	(9)	–	–	(9)
Headline earnings	26 377	5 586	(2 737)	29 226

NOTES AND ASSUMPTIONS

1. Extracted, without adjustment, from the audited statement of comprehensive income of the Southern Business School for the year ended 31 December 2016 prepared in compliance with IFRS and audited by PricewaterhouseCoopers who issued an unqualified audit opinion thereon. The audited statement of comprehensive income together with the PricewaterhouseCoopers audit opinion are open for inspection at STADIO's office.
2. Extracted, without adjustment, from the audited statement of comprehensive income of the Southern Business School of Namibia for the year ended 31 December 2016 prepared in compliance with IFRS and audited by PricewaterhouseCoopers who issued an unqualified audit opinion thereon. The audited statement of comprehensive income together with the PricewaterhouseCoopers audit opinion are open for inspection at STADIO's office.
3. Represents the consolidation of the Southern Business School of Namibia and the Southern Business School including elimination of intercompany franchise fees paid/received (R1.7 million) and the recognition of a non-controlling interest (R2.7 million). These adjustments will have a continuing effect.
4. Represents the Southern Business School's consolidated *pro forma* statement of comprehensive income.

STATEMENT OF FINANCIAL POSITION

	Audited 31 December 2016 SBS ¹ R 000	Audited 31 December 2016 SBS Namibia ² R 000	Con- solidation ³ R 000	SBS restructure ⁴ R 000	Dividend distribution ⁵ R 000	Pro forma SBS ⁶ R 000
Assets						
Non-current assets	8 738	10 933	-	(3 745)	(3 737)	12 189
Property, plant and equipment	2 916	9 107	-	(1 660)	-	10 363
Investment property	2 085	-	-	(2 085)	-	-
Loans to group companies	3 737	-	-	-	(3 737)	-
Other financial assets	-	1 826	-	-	-	1 826
Current assets	20 911	10 264	-	(265)	(1 684)	29 226
Taxation receivable	-	194	-	-	-	194
Loans to related parties	1 684	-	-	-	(1 684)	-
Trade and other receivables	6 743	5 058	-	-	-	11 801
Cash and cash equivalents	12 219	5 012	-	-	-	17 231
Non-current asset held for sale	265	-	-	(265)	-	-
Total assets	29 649	21 197	-	(4 010)	(5 421)	41 415
Equity and liabilities						
Equity						
Share capital	-	-	-	-	-	-
Retained income	24 205	15 287	(8 882)	(3 050)	(5 421)	22 139
Total attributable equity	24 205	15 287	(8 882)	(3 050)	(5 421)	22 139
Non-controlling interest	-	-	8 882	-	-	8 882
Total equity	24 205	15 287	-	(3 050)	(5 421)	31 021
Liabilities						
Non-current liabilities	650	4 473	-	(561)	-	4 562
Deferred taxation	89	210	-	-	-	299
Financial liabilities	561	4 263	-	(561)	-	4 263
Current liabilities	4 794	1 437	-	(399)	-	5 832
Financial liabilities	508	182	-	(399)	-	291
Trade and other payables	1 622	1 223	-	-	-	2 845
Taxation payable	2 664	32	-	-	-	2 696
Total equity and liabilities	29 649	21 197	-	(4 010)	(5 421)	41 415

NOTES AND ASSUMPTIONS

1. Extracted, without adjustment, from the audited statement of financial position of the Southern Business School as at 31 December 2016 prepared in compliance with IFRS and audited by PricewaterhouseCoopers who issued an unqualified audit opinion thereon. The audited statement of financial position together with the PricewaterhouseCoopers audit opinion are open for inspection at STADIO's office.
2. Extracted, without adjustment, from the audited statement of financial position of the Southern Business School of Namibia as at 31 December 2016 prepared in compliance with IFRS and audited by PricewaterhouseCoopers who issued an unqualified audit opinion thereon. The audited statement of financial position together with the PricewaterhouseCoopers audit opinion are open for inspection at STADIO's office.
3. Represents the non-controlling interest of the Southern Business School of Namibia at 31 December 2016. The non-controlling interest was 60% up until 30 June 2016 and decreased to 49% on 30 June 2016.
4. Represents certain personal use assets and liabilities, not related to the business of the Southern Business School, that were unbundled to the SBS Vendor prior to acquisition by the STADIO Group.
5. Represents a final distribution to the SBS Vendor prior to the acquisition by the STADIO Group.
6. Represents the Southern Business School's *pro forma* consolidated statement of financial position.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF STADIO

The definitions and interpretations commencing on page 13 of the Pre-listing Statement apply to this **Annexure 12**.

Board of Directors
STADIO Holdings Limited
Unit 13
San Domenico
10 Church Street
Durbanville
7550

12 September 2017

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION OF STADIO

Introduction

STADIO is issuing a Pre-listing Statement to its shareholders regarding the Listing of STADIO ("**the Proposed Transaction**").

At your request and for the purposes of the Pre-listing Statement to be dated on or about 15 September 2017, we present our assurance report on the compilation of the *pro forma* financial information of STADIO by the directors. The *pro forma* financial information, presented in paragraph 18.5 and **Annexure 11** to the Pre-listing Statement, consists of the *pro forma* statement of financial position as at 31 December 2016, the *pro forma* statement of comprehensive income for the 12 months ended 31 December 2016 and the *pro forma* financial effects (the "**Pro Forma Financial Information**"). The *Pro Forma* Financial Information has been compiled on the basis of the applicable criteria specified in the JSE Listings Requirements.

The *Pro Forma* Financial Information has been compiled by the directors to illustrate the impact of the Proposed Transaction on STADIO's reported financial position as at 31 December 2016, and STADIO's financial performance for the period then ended, as if the Proposed Transaction had taken place at 1 January 2016 and 31 December 2016, respectively. As part of this process, information about STADIO's financial position and financial performance has been extracted by the Directors from STADIO's financial statements for the year ended 31 December 2016, on which an audit report has been published.

Directors' responsibility

The Directors are responsible for the compilation, contents and presentation of the *Pro Forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 18.5 and **Annexure 11**. The Directors of STADIO are also responsible for the financial information from which it has been prepared.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the *Pro Forma* Financial Information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *Pro Forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro Forma* Financial Information.

As the purpose of *Pro Forma* Financial Information included in a Pre-listing Statement is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *Pro Forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *Pro Forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of STADIO, the corporate action or event in respect of which the *Pro Forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro Forma* Financial Information.

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

Opinion

In our opinion, the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 18.5 and **Annexure 11** of the Pre-listing Statement.

PricewaterhouseCoopers Inc.

Director: D de Jager

Registered Auditor

Stellenbosch

FORECAST FINANCIAL INFORMATION OF STADIO

*The definitions and interpretations commencing on page 13 of the Pre-listing Statement apply to this **Annexure 13**.*

Set out below are the forecast statements of comprehensive income for STADIO ("**Forecasts**") for the periods ending 31 December 2017, 2018 and 2019 ("**Forecast Periods**").

The assumptions made and applied in the preparation of the profit forecast, which is considered by the Board of Directors to be material and significant are set out below. The assumptions as set out below are not an exhaustive list, and nor are they intended to be. General assumptions usually applicable to profit forecasts of this nature have not been expressly set out below as such assumptions are considered implicit in the context of the forecast financial information. Due to the nature of assimilating such information, a view is taken by the Board as to the impact of market conditions and/or future events. In the opinion of the Directors, the assumptions below are significant to the forecast as being key factors upon which the financial results of STADIO will depend. However, certain assumptions may not materialise and/or certain unforeseen events may occur or circumstances may arise subsequent to the forecast being made. Accordingly, the actual results achieved for the Forecast Periods may differ from those forecast.

The forecast figures for 2017 include seven months actual results for STADIO and Embury and forecast results for the remaining five months of the year based on the assumptions set out below.

The Forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the Directors. The Forecasts must be read in conjunction with the Independent Reporting Accountant's assurance report, which is presented in **Annexure 14**.

The Forecasts have been prepared in compliance with IFRS and in accordance with STADIO's accounting policies.

**FINANCIAL FORECAST – STADIO GROUP
STATEMENT OF COMPREHENSIVE INCOME**

	12 months ending 31 December 2017	12 months ending 31 December 2018	12 months ending 31 December 2019
Student numbers	12 979	14 339	16 557
	R'000	R'000	R'000
Revenue	141 525	416 945	536 377
Operating expenses	(131 349)	(331 185)	(403 919)
Earnings before interest, taxation, depreciation, amortisation and rent (EBITDAR)	10 176	85 760	132 458
Rental expenses	(6 933)	(17 770)	(18 954)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	3 243	67 990	113 504
Depreciation and amortisation	(10 828)	(28 329)	(33 998)
Earnings before interest and taxation (EBIT)	(7 585)	39 661	79 506
Finance income (refer to note 1.2 below)	2 468	35 603	39 066
(Loss)/Profit before taxation	(5 117)	75 264	118 572
Taxation	(2 863)	(21 585)	(33 842)
(Loss)/Profit after taxation before non-controlling interest	(7 980)	53 679	84 729
Non-controlling interest	(2 793)	(12 338)	(15 081)
(Loss)/Profit attributable to owners of the parent	(10 773)	41 341	69 649
Weighted average number of Shares in issue ('000)	476 829	814 534	817 735
Earnings per Share (cents)	(2.3)	5.1	8.5
Headline earnings per Share (cents)	(2.3)	5.1	8.5

MATERIAL ASSUMPTIONS UNDERLYING THE FORECASTS:

1. COMMENTS ON THE FORECAST FINANCIAL INFORMATION:

- 1.1 The forecast financial information is based on the assumption that circumstances which affect STADIO's business but which are outside the control of the Directors, will not materially alter in such a way as to affect the trading of the STADIO Group.
- 1.2 In addition, the forecast financial information is based on the assumption that R430 million of the capital to be raised through the Rights Offer and the B-BBEE Transaction, is not yet invested in potential acquisitions that are in various stages of negotiation.
 - 1.2.1 As such no allowance for revenue and earnings growth arising from further strategic acquisitions have been considered in the forecast.
 - 1.2.2 For the purposes of the forecast it has been assumed that the excess unutilised cash of R430 million, will earn interest based on a 1.25% spread above the repurchase rate (repo rate). However, management believe that the return on investment of further potential acquisitions (that are in various stages of negotiation) will yield higher returns than the assumed finance income included in the forecast. The timing of the completion of these acquisitions are however uncertain and consequently have not been included in these forecasts.
- 1.3 Further to the above, the forecast financial information is based on the assumption that:
 - 1.3.1 there will be continuity in existing management and trading policies;
 - 1.3.2 there will be no change in the present accounting policies; and
 - 1.3.3 the Rights Offer and the B-BBEE Transaction will be fully subscribed.
- 1.4 In the opinion of the Directors, the above assumptions are significant to the forecasts as being key factors upon which the financial results of the STADIO Group will depend. However, certain assumptions may not materialise and/or certain unforeseen events may occur or circumstances may arise subsequent to the forecasts being made. Accordingly, the results achieved for the periods referred to above may differ from those forecast and the variations may be material.
- 1.5 The forecast was approved by the Directors of STADIO on 5 September 2017.

2. ASSUMPTIONS THAT ARE UNDER THE CONTROL OF THE DIRECTORS:

- 2.1 The forecast information is based on information derived from the historical financial information and the Directors' knowledge of and experience in the higher education industry.
- 2.2 The forecast financial information is compiled utilising the accounting policies of Embury as detailed in **Annexure 3** of the Pre-Listing Statement. STADIO will adopt the same accounting policies as Embury as set out in **Annexure 3** of the Pre-listing Statement.
- 2.3 The effective date of the acquisition of AFDA is 24 August 2017, but for purposes of the forecast financial information was taken into account from 1 September 2017.
- 2.4 The STADIO Group will open 2 new campuses in 2018, being Waterfall (Midrand) and Montana (Pretoria), as well as move to new constructed premises in Musgrave (Kwa-Zulu Natal). All 3 campuses, will initially be utilised by the Embury business to increase its geographic footprint and product offerings. In time, these facilities may be used to promote the further offerings within the STADIO Multiversity, to allow for the optimal use of the STADIO facilities.
- 2.5 STADIO owns both the land and buildings of the Montana and Musgrave campuses.
- 2.6 The Waterfall campus is subject to a land rental to the lessor. The STADIO Group will own the leasehold improvement buildings of the Waterfall campus.
- 2.7 The maximum contact learning capacity of the 3 aforementioned campuses are as follows:
- 2.7.1 Waterfall (Midrand) – 1 700 contact learnings students
- 2.7.2 Montana (Pretoria) – 1 700 contact learning students
- 2.7.3 Musgrave (Kwa-Zulu Natal) – 2 700 contact learning students.
- 2.8 The average annual tuition fee increase ranges between 5% and 8% over the various STADIO businesses.
- 2.9 Operating expenses, (that are fixed in nature), excluding staff costs, bad debts, marketing, sales and student recruitment costs, are escalated at a rate of approximately 7% per annum. Material operating expenses include facility expenses, rates and taxes and information technology expenses.
- 2.10 Staff costs (including academic and administrative staff) that are fixed in nature, are expected to increase by approximately 7% per annum. New staff are appointed dependent on the growth in student numbers, across various programmes as well as the geographic expansion, in the underlying businesses.
- 2.11 Marketing, sales and student recruitment costs (excluding staff costs) are estimated to be between 8% and 11% of tuition fee revenue.
- 2.12 Rental expenses are forecast based on actual contractual lease agreements (including contractual increases) which are short term in nature. In the case of the Waterfall campus, the STADIO group will enter into an agreement to lease the land on which the Waterfall campus is constructed. Given the long-term nature of the lease (initially 12 years with the ability to extend for a further 85.5 years), STADIO has, for the purpose of this forecast financial information, early adopted IFRS 16 to account for the Waterfall lease. Upon the lease commencement, the STADIO Group will recognise a right-of-use asset and lease liability. Details pertaining to IFRS 16 application is set out in note 2.2 of **Annexure 3**.
- 2.13 The STADIO Group maintains a small corporate head office that will assist the underlying businesses to achieve their business aims. Fixed head office expenses (including staff costs, general administration costs, rental expenses and expenses related to being a listed company) are expected to escalate at approximately 7% per annum. For the 2017 financial year, once-off costs of approximately R9.1 million will be incurred specifically relating to listing expenses and transaction costs associated with acquisitions that are in various stages of negotiation negotiation. Head office expenses for the purposes of the forecast are expected to be as follows:

	2017 R million	2018 R million	2019 R million
Stadio Head Office expenses	(24)	(21)	(23)

- 2.14 STADIO will raise capital of up to R840 million through the Rights Offer (R640 million) and through the proposed B-BBEE Transaction (R200 million). The capital raised in terms of the Rights Offer will be used to fund the cash settled portion of the purchase considerations payable in terms of the SBS Acquisition (R100 million) and the AFDA Acquisition (R130 million), the further acquisitions which are in various stages of negotiation, the transaction costs related to the various acquisitions as well as the costs of the capital raising and the Listing. The Rights Offer will be underwritten by PSG Financial Services.
- 2.15 The capital raised in terms of the B-BBEE Transaction will be used to fund the acquisition of land, the development of existing campuses to facilitate growth, for working capital purposes and to build up the capital resources for future opportunities. The B-BBEE Transaction will be underwritten by Brimstone.
- 2.16 As mentioned in paragraph 1.2 above, approximately R430 million of the aforementioned capital raised is available for further potential acquisitions that are in various stages of negotiation.
- 2.17 The forecast includes the assumption that a dividend per share of 6.7 cents will be declared and paid to Shareholders in the 2019 financial period. The dividend is based on approximately 80% of the free cash flow available to Shareholders, after considering the investment and working capital requirements of the STADIO Group at that point in time.

3. ASSUMPTIONS THAT ARE NOT UNDER THE CONTROL OF THE DIRECTORS:

- 3.1 The forecast financial information is based on the assumption that circumstances which affect STADIO's business, but which are outside the control of the Directors, will not materially alter in such a way as to affect the trading of the STADIO Group.
- 3.2 Embury acquires the business of CA Connect with effect from 1 January 2018. Embury expands its faculty offerings to include an Economic and Management Sciences faculty which will include the offering of the PGDA programme, a one year post graduate programme. The PGDA programme is still in the process of obtaining the relevant accreditations from SAICA, the CHE and the DHET.
- 3.3 We estimate that the time taken for a new campus (specifically Montana and Waterfall) to break even will be between 3 and 4 years. This will impact the EBITDA of the Embury business in the initial years until the new campuses grow through the J-curve.

The impact of the 2 new campuses on overall EBITDA is set out below:

EBITDA (impact of new campuses)	2017	2018	2019
	R million	R million	R million
EBITDAR	(8.4)	(13.7)	(1.9)
Rent	(0.9)	(5.7)	(5.8)
EBITDA	(9.3)	(19.4)	(7.7)

- 3.4 The Forecast includes the offering of new programmes and qualifications that have been developed or are in the process of being developed, but require approval from the CHE and the DHET. The average time for a course to be accredited can range from between 12 and 18 months.
- 3.5 The forecast includes the acquisition of the Southern Business School with an effective date of 30 September 2017 for accounting purposes. The acquisition is still subject to the approval of the Namibian competition authorities.
- 3.6 Operating expenses includes bad debt expenses that are calculated as between 3% – 8% of revenue, based on the historical experience of STADIO's underlying businesses and considering the current economic climate.
- 3.7 The STADIO Group uses different assumptions in determining the forecasts for its businesses offering programmes on a contact learning mode of delivery (i.e. Embury and AFDA) and those businesses using a distance learning mode of delivery (Embury and Southern Business School).
- 3.8 In determining the forecasts for the contact learning mode of delivery the following assumptions were made:
- 3.8.1 The growth in first year student numbers for existing campuses and existing programmes, range on average between 6% and 11%.
- 3.8.2 For new campuses (i.e. Waterfall and Montana) as well as new programmes (in the Embury business) forecast student numbers are based on management's estimates of student enrolments. These estimates are based on management's experience and marketing research conducted into the needs of the various geographic areas as well as programmes offered.
- 3.8.3 The throughput rates of students from year to year ranges on average between 70% and 95% dependent on the academic year (i.e. 1st year, 2nd year and 3rd year throughput rates differ across the various businesses) and programmes offered. These assumptions are based on historical trends and the managements' knowledge of and experience in the higher education industry.
- 3.9 In determining the forecasts for the distance learning mode of delivery the following assumptions were made:
- 3.9.1 The growth in first year student numbers for the Southern Business School and programmes is on average 8.5%.
- 3.9.2 For businesses where the distance learning mode of delivery is relatively new i.e. Embury, the first year student growth rates are based on management's estimate of student enrolments. These estimates are based on management's experience and marketing research conducted into the needs of the various geographic areas as well as programmes offered.
- 3.9.3 The throughput rates of students from year to year range from between 40% and 60% depending on the academic year (i.e. 1st year, 2nd year and 3rd year throughput rates differ across the various brands) and programmes offered. These assumptions are based on historical trends and managements' knowledge of and experience in the higher education industry.
- 3.10 Tax rates charged by South African and Namibian tax authorities.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE FORECAST FINANCIAL INFORMATION OF STADIO

*The definitions and interpretations commencing on page 13 of the Pre-listing Statement apply to this **Annexure 14**.*

Board of Directors
STADIO Holdings Limited
Unit 13
San Domenico
10 Church Street
Durbanville
7550

12 September 2017

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE FORECAST INFORMATION OF STADIO HOLDINGS LIMITED

We have undertaken a reasonable assurance engagement in respect of the accompanying forecast information of STADIO Holdings Limited ("STADIO") for the period ending 31 December 2017 and the two years ending 31 December 2018 and 31 December 2019, comprising the forecast statement of profit or loss and other comprehensive income ("**Forecast Information**"), as required by paragraph 8.48(c) of the JSE Limited ("**JSE**") Listings Requirements.

We have also undertaken a limited assurance engagement in respect of the directors' assumptions used to prepare and present the Forecast Information, disclosed in the notes to the Forecast Information, as required by paragraph 8.48(c) of the JSE Listings Requirements.

Directors' responsibility for the Forecast Information and for the assumptions used to prepare the Forecast Information

The directors are responsible for the preparation and presentation of the Forecast Information and for the reasonableness of the assumptions used to prepare the Forecast Information as set out in Note 1 to the Forecast Information in accordance with the JSE Listings Requirements for forecast information. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Forecast Information on the basis of those assumptions that is free from material misstatement, whether due to fraud or error.

Inherent Limitations

Actual results are likely to be different from the Forecast Information since anticipated events frequently do not occur as expected and the variation may be material. Consequently, readers are cautioned that this forecast may not be appropriate for purposes other than described in the purpose of the report paragraph below.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Limited assurance engagement on the reasonableness of the directors' assumptions

Reporting accountant's responsibility

Our responsibility is to express a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the assumptions do not provide a reasonable basis for the preparation and presentation of the Forecast Information in accordance with the JSE Listings Requirements for forecast information, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3400, *The Examination of Prospective Financial Information* (ISAE 3400), issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the directors' assumptions provide a reasonable basis for the preparation and presentation of the Forecast Information.

A limited assurance engagement undertaken in accordance with ISAE 3400 involves assessing the source and reliability of the evidence supporting the directors' assumptions. Sufficient appropriate evidence supporting such assumptions would be obtained from internal and external sources including consideration of the assumptions in the light of historical information and an evaluation of whether they are based on plans that are within the entity's capacity. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observations of processes performed, inspection of documents, analytical procedures, evaluating the reasonableness of best-estimate assumptions and agreeing or reconciling with underlying records.

Our procedures included evaluating the directors' best-estimate assumptions on which the Forecast Information is based for reasonableness.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the directors' assumptions provide a reasonable basis for the preparation and presentation of the Forecast Information.

Limited assurance conclusion on the reasonableness of the directors' assumptions

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that the directors' assumptions do not provide a reasonable basis for the preparation and presentation of the Forecast Information for the period ending 31 December 2017 and the two years ending 31 December 2018 and 31 December 2019.

Reasonable assurance engagement on the Forecast Information

Reporting accountant's responsibility

Our responsibility is to express an opinion based on the evidence we have obtained about whether the Forecast Information is properly prepared and presented on the basis of the directors' assumptions disclosed in the notes to the Forecast Information (the assumptions) and in accordance with the JSE Limited Listings Requirements for forecast information. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3400, *The Examination of Prospective Financial Information* (ISAE 3400), issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether such Forecast Information is properly prepared and presented on the basis of the directors' assumptions disclosed in Note 1 to the Forecast Information and in accordance with the JSE Listings Requirements for forecast information.

A reasonable assurance engagement in accordance with ISAE 3400 involves performing procedures to obtain evidence that the Forecast Information is properly prepared and presented on the basis of the assumptions and in accordance with the JSE Listings Requirements for forecast information. The nature, timing and extent of procedures selected depend on the reporting accountant's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error, of the Forecast Information. In making those risk assessments, we considered internal control relevant to STADIO's Holdings Limited's preparation and presentation of the Forecast Information.

Our procedures included:

- Inspecting whether the Forecast Information is properly prepared on the basis of the assumptions;
- Inspecting whether the Forecast Information is properly presented and all material assumptions are adequately disclosed, including a clear indication as to whether they are best estimate assumptions and
- Inspecting whether the forecast statement of profit or loss and other comprehensive income is prepared on a consistent basis with the historical financial statements, using accounting policies.

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

Opinion on the Forecast Information

In our opinion, the Forecast Information is properly prepared and presented on the basis of the assumptions and in accordance with the JSE Limited Listings Requirements for forecast information for the period ending 31 December 2017 and the two years ending 31 December 2018 and 31 December 2019.

Purpose of the report

This report has been prepared for the purpose of satisfying the requirements of paragraph 8.48(c) of the JSE Listings Requirements and for no other purpose.

Report on other legal and regulatory requirements

In accordance with our responsibilities set out in the JSE Listings Requirements, paragraph 8.48(c), we have performed the procedures, set out therein. If, based on the procedures performed, we detect any exceptions, we are required to report those exceptions. We have nothing to report in this regard.

PricewaterhouseCoopers Inc.

Director: D de Jager

Registered Auditor

Stellenbosch

RELEVANT PROVISIONS OF THE MOI

This **Annexure 15** contains extracts of various salient provisions from the MOI, as required under the JSE Listings Requirements. In each case, the numbering and wording below matches that of the applicable provisions in the MOI.

For a full appreciation of the provisions of the MOI, Shareholders are referred to the full text of the MOI, which is available for inspection, as provided for in paragraph 29 of the Pre-listing Statement.

EXTRACTS FROM THE MOI OF STADIO

4. ISSUE OF SHARES AND VARIATION OF RIGHTS

- 4.1 The Company is authorised to issue –
- 4.1.1 1 000 000 000 (one billion) Ordinary Shares, of the same class, each of which ranks *pari passu* in respect of all rights and entitles the holder to –
- 4.1.1.1 vote on any matter to be decided by the Shareholders of the Company and to 1 (one) vote in the case of a vote by means of a poll;
- 4.1.1.2 participate proportionally in any distribution made by the Company; and
- 4.1.1.3 receive proportionally the net assets of the Company upon its liquidation;
- 4.1.2 such number of each of such further classes of Shares, if any, as are set out in Schedule 1 hereto subject to the preferences, rights, limitations and other terms associated with each such class set out therein.
- 4.2 For purposes of clause 6.1, *pari passu* shall have the meaning attributed thereto in terms of the JSE Listings Requirements.
- 4.3 The Board shall not have the power to –
- 4.3.1 increase or decrease the number of authorised Shares of any class of the Company's Shares;
- 4.3.2 create any new class or classes of authorised but unissued Shares;
- 4.3.3 consolidate and reduce the number of the Company's issued and authorised Shares of any class;
- 4.3.4 subdivide its Shares of any class by increasing the number of its issued and authorised Shares of that class without an increase of its capital;
- 4.3.5 convert any class of Shares into one or more other classes of Shares;
- 4.3.6 reclassify any classified Shares that have been authorised but not issued;
- 4.3.7 classify any unclassified Shares that have been authorised but not issued;
- 4.3.8 determine the preferences, rights, limitations or other terms of any Shares; or
- 4.3.9 change the name of the Company,
- and such powers shall only be capable of being exercised by the Shareholders by way of a special resolution of the Shareholders.
- 4.4 All Securities of a class shall rank *pari passu* in all respects.
- 4.5 The Company has the power, subject to the authority of a special resolution as contemplated in clause 6.3 to subdivide its Shares of any class. Such subdivision may be effected through a mere splitting of, and consequential increase in, the authorised and issued Shares of the relevant class, and without an issue of new Shares and an increase of its capital.
- 4.6 Each Share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share as contemplated in this Memorandum of Incorporation. The variation of any preferences, rights, limitations and other terms associated with any class of Shares as set out in this Memorandum of Incorporation may be enacted only by an amendment of this Memorandum of Incorporation approved by special resolution adopted by the Ordinary Shareholders. If any amendment of the Memorandum of Incorporation relates to the variation of any preferences, rights, limitations or any other terms attaching to any other class of Shares already in issue, such amendments shall not be implemented without a special resolution adopted by the holders of Shares of that class at a separate meeting. In such instances, the holders of such Shares will be allowed to vote at the meeting of Ordinary Shareholders subject to clause 22.2. No resolution of Shareholders in respect of such amendment shall be proposed or passed, unless a special resolution of the holders of the Shares of that class approve the amendment.
- 4.7 The authorisation and classification of Shares, the creation of any class of Shares, the conversion of one class of Shares into one or more other classes, the consolidation of Securities, the sub-division of Securities, the change of the name of the Company, the increase of the number of authorised Securities, and, subject to clause 6.6, the variation of any preferences, rights, limitations and other terms associated with each class of Shares as set out in this Memorandum of Incorporation may be changed only by an amendment of this Memorandum of Incorporation by special resolution of the Shareholders and in accordance with the JSE Listings Requirements, to the extent required, save if such an amendment is ordered by a court in terms of sections 16(1)(a) and 16(4) of the Act.

- 4.8 No Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7) of the Act.
- 4.9 The Company may only issue Shares which are fully paid up and freely transferable and only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation.
- 4.10 The Board may, subject to clauses 6.11 and 6.16, issue Shares at any time, but only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation.
- 4.11 Subject to clause 6.17, the Board may not issue unissued Ordinary Shares unless such Ordinary Shares have first been offered to existing Ordinary Shareholders in proportion to their shareholding (on such terms and in accordance with such procedures as the Board may determine), unless the relevant issue of Ordinary Shares –
- 4.11.1 is for the acquisition of assets, whether by means of an acquisition issue or a vendor consideration placing; or
 - 4.11.2 is an issue pursuant to options or conversion rights; or
 - 4.11.3 is an issue in terms of an approved share incentive scheme; or
 - 4.11.4 is an issue of shares for cash (as contemplated in the JSE Listings Requirements), which has been approved by the Shareholders by ordinary resolution, either by way of a general authority (which may be either conditional or unconditional) to issue Shares in its discretion or a specific authority in respect of any particular issue of Shares, in accordance with the JSE Listings Requirements and subject to the applicable corporate action being approved by the JSE, to the extent that such approval is required under the JSE Listings Requirements, provided that, if such Shareholder approval is in the form of a general authority to the Directors, it shall be valid only until the next annual general meeting of the Company or for 15 (fifteen) months from the date of the passing of the ordinary resolution, whichever is the earlier, and it may be varied or revoked by any general meeting of the Shareholders prior to such annual general meeting; or
 - 4.11.5 is in terms of a rights offer or otherwise falls within a category in respect of which it is not, in terms of the JSE Listings Requirements, a requirement for the relevant Shares to be so offered to existing Ordinary Shareholders; or
 - 4.11.6 is otherwise undertaken in accordance with an authority approved by Ordinary Shareholders in general meeting, subject to the applicable corporate action being approved by the JSE, to the extent that such JSE approval is required under the JSE Listings Requirements,
- provided that fractions of Shares will not be issued and that any fractions of Shares will be rounded or otherwise dealt with in accordance with the JSE Listings Requirements. After the expiration of the time within which an offer may be accepted, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares offered, the Directors may, subject to the foregoing provisions, issue such Shares in such manner as they consider most beneficial to the Company. For the avoidance of doubt, as Shareholders are entitled to participate in proportion to their Shareholding in any rights offer or dividend reinvestment undertaken by the Company, neither such rights offer or dividend reinvestment, nor the issuing of any Shares pursuant thereto will require Shareholder approval under this clause 6.11.
- 4.12 The Directors may exclude any Shareholders or category of Shareholders from an offer contemplated in clause 6.11 if and to the extent that they consider it necessary or expedient to do so because of legal impediments or compliance with the laws or the requirements of any regulatory body of any territory, outside of South Africa, that may be applicable to the offer.
- 4.13 Alterations of share capital, authorised shares and rights attaching to a class/es of Shares; all issues of Shares for cash and all issues of options and convertible securities granted or issued for cash must, in addition to the foregoing provisions, be undertaken in accordance with the JSE Listings Requirements. For the avoidance of doubt, Shareholders in a general meeting may authorise the Board to grant options to subscribe for unissued Shares, as the Board in its discretion deems fit, provided that such corporate action has, to the extent required under the JSE Listings Requirements, been approved by the JSE.
- 4.14 All Securities of the Company for which a listing is sought on the JSE and all Securities of the same class as Securities of the Company which are listed on the JSE must be freely transferable and must, notwithstanding the provisions of section 40(5) of the Act, but unless otherwise required by the Act, only be issued after the Company has received the consideration approved by the Company for the issuance of such Securities.
- 4.15 Subject to sections 40(5) to 40(7) of the Act, when the Company has received the consideration approved by the Board for the issuance of any Shares –
- 4.15.1 those Shares are fully paid up; and
 - 4.15.2 the Company must issue those Shares and cause the name of the holder to be entered onto the Company's Securities Register in accordance with sections 49 to 56 of the Act.
- 4.16 Notwithstanding anything to the contrary contained in this Memorandum of Incorporation, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, if and to the extent that this may be required in terms of section 41(3) of the Act, require the approval of the Shareholders by special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.

- 4.17 Except to the extent that any such right is specifically included as one of the rights, preferences or other terms upon which any class of Shares is issued or as may otherwise be provided in this Memorandum of Incorporation (as is set out in clause 6.11), no Shareholder shall have any pre-emptive or other similar preferential right to be offered or to subscribe for any additional Shares issued by the Company.

13. DEBT INSTRUMENTS

The Board may authorise the Company to issue secured or unsecured debt instruments as set out in section 43(2), but no special privileges associated with any such debt instruments as contemplated in section 43(3) may be granted, and the authority of the Board in such regard is accordingly limited by this Memorandum of Incorporation.

14. CAPITALISATION SHARES

14.1 The Board shall have the power and authority to –

14.1.1 approve the issuing of any authorised Shares as capitalisation Shares;

14.1.2 issue Shares of one class as capitalisation Shares in respect of Shares of another class; and

14.1.3 resolve to permit Shareholders to elect to receive a cash payment in lieu of a capitalisation Share,

provided that such issue is effected in accordance with the requirements of section 47 and has been approved by the JSE to the extent required under the JSE Listings Requirements and that the JSE Listings Requirements have otherwise been complied with.

14.2 The Board may not resolve to offer a cash payment in lieu of awarding a capitalisation share, as contemplated in clause 14.1.3, unless the Board –

14.2.1 has considered the Solvency and Liquidity Test as required by section 46, on the assumption that every such Shareholder would elect to receive cash; and

14.2.2 is satisfied that the Company would satisfy the Solvency and Liquidity Test immediately upon the completion of the distribution.

16. FINANCIAL ASSISTANCE

The Board may authorise the Company to provide financial assistance by way of loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any Securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any such Securities, as set out in (and in accordance with) section 44, and the authority of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

17. ACQUISITION BY THE COMPANY OF ITS OWN SHARES

17.1 Subject to the JSE Listings Requirements, the provisions of the Act, including section 48, and the further provisions of this clause 17 –

17.1.1 the Board may determine that the Company acquire a number of its own Shares; and

17.1.2 the board of any subsidiary of the Company may determine that such subsidiary acquire Shares of the Company, but –

17.1.2.1 not more than 10% (ten percent), in aggregate, of the number of issued Shares of any class may be held by, or for the benefit of, all of the subsidiaries of the Company, taken together; and

17.1.2.2 no voting rights attached to those Shares may be exercised while the Shares are held by that subsidiary and it remains a subsidiary of the Company.

17.2 Any decision by the Company to acquire its own Shares must satisfy the JSE Listings Requirements and the requirements of section 46 and, accordingly, the Company may not acquire its own Shares unless –

17.2.1 for as long as it is required in terms of the JSE Listings Requirements, the acquisition has been approved by a special resolution of the Shareholders, whether in respect of a particular repurchase or generally approved by Shareholders and unless such acquisition otherwise complies with sections 5.67 to 5.81 of the JSE Listings Requirements (or such other sections as may be applicable from time to time);

17.2.2 the acquisition –

17.2.2.1 is pursuant to an existing legal obligation of the Company, or a court order; or

17.2.2.2 the Board, by resolution, has authorised the acquisition;

17.2.3 it reasonably appears that the Company will satisfy the Solvency and Liquidity Test immediately after completing the proposed acquisition; and

17.2.4 the Board, by resolution, has acknowledged that it has applied the Solvency and Liquidity Test and reasonably concluded that the Company will satisfy the Solvency and Liquidity Test immediately after completing the proposed acquisition.

17.3 A decision of the Board referred to in clause 17.1.1 –

17.3.1 must be approved by a special resolution of the Shareholders if any Shares are to be acquired by the Company from a Director or prescribed officer of the Company, or a person related to a Director or prescribed officer of the Company; and

17.3.2 is subject to the requirements of sections 114 and 115 if considered alone, or together with other transactions in an integrated series of transactions, it involves the acquisition by the Company of more than 5% (five percent) of the issued Shares of any particular class of the Company's Shares.

17.4 Notwithstanding any other provision of this Memorandum of Incorporation, the Company may not acquire its own Shares, and no subsidiary of the Company may acquire Shares of the Company if, as a result of that acquisition, there would no longer be any Shares of the Company in issue other than –

17.4.1 Shares held by one or more subsidiaries of the Company; or

17.4.2 convertible or redeemable Shares.

26. COMPOSITION AND POWERS OF THE BOARD OF DIRECTORS

26.1 Number of Directors

26.1.1 In addition to the minimum number of Directors, if any, that the Company must have to satisfy any requirement in terms of the Act to appoint an audit committee and a social and ethics committee, the Board must comprise at least 4 (four) Directors and the Shareholders shall be entitled, by ordinary resolution, to determine such maximum number of Directors as they from time to time shall consider appropriate.

26.1.2 All Directors shall be elected by an ordinary resolution of the Shareholders at a general or annual general meeting of the Company and no appointment of a Director in accordance with a resolution passed in terms of section 60 shall be competent.

26.1.3 Every person holding office as a Director, prescribed officer, company secretary or auditor of the Company immediately before the effective date of the Act will, as contemplated in item 7(1) of Schedule 5 to the Act, continue to hold that office.

26.2 Election of Directors

26.2.1 In any election of Directors –

26.2.1.1 the election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, with the series of votes continuing until all vacancies on the Board have been filled; and

26.2.1.2 in each vote to fill a vacancy –

26.2.1.2.1 each vote entitled to be exercised may be exercised once; and

26.2.1.2.2 the vacancy is filled only if a majority of the votes exercised support the candidate.

26.2.2 The Company shall only have elected Directors and there shall be no appointed or *ex officio* Directors as contemplated in section 66(4).

26.3 Eligibility, Resignation and Rotation of Directors

26.3.1 Apart from satisfying the qualification and eligibility requirements set out in section 69, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director or a prescribed officer of the Company.

26.3.2 No Director shall be appointed for life or for an indefinite period and the Directors shall rotate in accordance with the following provisions of this clause 26.3.2 –

26.3.2.1 at each annual general meeting referred to in clause 20.2.1, 1/3 (one third) of the non-executive Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office, provided that if a Director is appointed as an executive Director or as an employee of the Company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the rotation or retirement of Directors;

26.3.2.2 the Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot;

26.3.2.3 a retiring Director shall be eligible for re-election;

26.3.2.4 the Company, at the general meeting at which a Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a person thereto, provided that the Company shall not be entitled to fill the vacancy by means of a resolution passed in accordance with clause 25;

26.3.2.5 if at any meeting at which an election of Directors ought to take place the offices of the retiring Directors are not filled, unless it is expressly resolved not to fill such vacancies, the meeting shall stand adjourned and the further provisions of this Memorandum of Incorporation, including clauses 20.4.2 to 20.4.5 (inclusive) will apply *mutatis mutandis* to such adjournment, and if at such adjourned meeting the vacancies are not filled, the retiring Directors, or such of them as have not had their offices filled, shall be deemed to have been re-elected at such adjourned meeting.

26.3.3 The Board shall, through its nomination committee if such committee has been constituted in terms of clause 32, provide the Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring Director is proposed, as to which retiring Directors are eligible for re-election, taking into account that Director's past performance and contribution. Sufficient time shall be allowed between the date of such notice and the date of the general meeting or annual general meeting at which the re-election of the Director is to be proposed to allow nominations to reach the Company's office from any part of South Africa.

26.4 Powers of the Directors

26.4.1 The Board has the power to –

26.4.1.1 fill any vacancy on the Board on a temporary basis, as set out in section 68(3), provided that such appointment must be confirmed by the Shareholders, in accordance with clause 26.1.2, at the next annual general meeting of the Company, as required in terms of section 70(3)(b)(i); and

26.4.1.2 exercise all of the powers and perform any of the functions of the Company, as set out in section 66(1), and the powers of the Board in this regard are only limited and restricted as contemplated in this clause 26.4.

26.4.2 The Directors may at any time and from time to time by power of attorney appoint any person or persons to be the attorney or attorneys and agent(s) of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors in terms of this Memorandum of Incorporation) and for such period and subject to such conditions as the Directors may from time to time think fit. Any such appointment may, if the Directors think fit, be made in favour of any company, the shareholders, directors, nominees or managers of any company or firm, or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Directors. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys and agents as the Directors think fit. Any such attorneys or agents as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them. Any reference to a power of attorney herein shall include any other form of delegation including the right to sub-delegate.

26.4.3 Save as otherwise expressly provided herein, all cheques, promissory notes, bills of exchange and other negotiable or transferable instruments, and all documents to be executed by the Company, shall be signed, drawn, accepted, endorsed or executed, as the case may be, in such manner as the Directors shall from time to time determine.

26.4.4 All acts performed by the Directors or by a committee of Directors or by any person acting as a Director or a member of a committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Directors or persons acting as aforesaid, or that any of them were disqualified from or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

26.4.5 If the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number falls below such minimum, fill the vacancy/ies in accordance with clause 26.4.1.1 or convene a general meeting for the purpose of filling the vacancies, and the failure by the Company to have the minimum number of Directors during the said 3 (three) month period does not limit or negate the authority of the board of Directors or invalidate anything done by the board of Directors while their number is below the minimum number fixed in accordance with this Memorandum of Incorporation.

26.4.6 The Directors in office may act notwithstanding any vacancy in their body, but if after the expiry of the 3 (three) month period contemplated in clause 26.4.5, their number remains below the minimum number fixed in accordance with this Memorandum of Incorporation, they may, for as long as their number is reduced below such minimum, act only for the purpose of filling vacancies in their body in terms of section 68(3) or of summoning general meetings of the Company, but not for any other purpose.

26.5 Directors' Interests

26.5.1 A Director may hold any other office or place of profit under the Company (except that of auditor) or any subsidiary of the Company in conjunction with the office of Director, for such period and on such terms as to remuneration (in addition to the remuneration to which he may be entitled as a Director) and otherwise as a disinterested quorum of the Directors may determine.

26.5.2 A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, provided that the appointment and remuneration in respect of such other office must be determined by a disinterested quorum of Directors.

26.5.3 Each Director and each alternate Director, prescribed officer and member of any committee of the Board (whether or not such latter persons are also members of the Board) shall, subject to the exemptions contained in section 75(2) and the qualifications contained in section 75(3), comply with all of the provisions of section 75 in the event that they (or any person who is a related person to them) have a personal financial interest in any matter to be considered by the Board.

26.5.4 Save where the Directors have obtained the prior approval of the JSE to so propose such a resolution, the proposal of any resolution to Shareholders in terms of sections 20(2) and 20(6) to permit or ratify an act of the Directors that is inconsistent with any limitation or restriction imposed by this Memorandum of Incorporation, or the authority of the Directors to perform such an act on behalf of the Company, is prohibited.

26.6 **Alternate Directors**

- 26.6.1 A Director may –
 - 26.6.1.1 appoint another Director to act as alternate Director in his place and during his absence; and
 - 26.6.1.2 remove such alternate Director.
- 26.6.2 A person so appointed or elected shall, except as regards authority to appoint an alternate Director and remuneration, be subject in all respects to the terms and conditions existing in respect of the other Directors of the Company.
- 26.6.3 Each alternate Director, whilst so acting, shall be entitled to –
 - 26.6.3.1 receive notices of all meetings of the Directors or of any committee of the Directors of which the person for whom he acts as alternate is a member;
 - 26.6.3.2 attend and vote at any such meeting at which the person for whom he acts as alternate is not personally present;
 - 26.6.3.3 generally exercise and discharge all the functions, powers and duties of the person for whom he acts as alternate in such person's absence as if he were a Director.
- 26.6.4 An alternate Director shall *ipso facto* cease to be an alternate Director if the person for whom he acts as alternate ceases for any reason to be a Director, provided that if any Director retires by rotation or otherwise, but is re-elected at the same meeting, any alternate of him who was appointed or elected as such immediately before his retirement shall remain in office as though he had not retired.
- 26.6.5 Any appointment or removal of an alternate Director shall be effected by written notice delivered at the principal place of business of the Company and signed by the appointer, if applicable.
- 26.6.6 The remuneration of an alternate Director shall be payable only out of the remuneration payable to the Director for whom he acts as alternate and he shall have no claim against the Company for any remuneration.
- 26.6.7 An alternate Director shall not be required to hold any qualifying Shares.

28. **DIRECTORS' COMPENSATION AND FINANCIAL ASSISTANCE**

- 28.1 The Company may pay remuneration to the Directors for their services as Directors in accordance with a special resolution approved by the Shareholders within the previous 2 (two) years, as set out in section 66(8) and (9), and the power of the Company in this regard is not limited or restricted by this Memorandum of Incorporation.
- 28.2 Any Director who –
 - 28.2.1 serves on any executive or other committee; or
 - 28.2.2 devotes special attention to the business of the Company; or
 - 28.2.3 goes or resides outside South Africa for the purpose of the Company; or
 - 28.2.4 otherwise performs or binds himself to perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director,may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Directors may from time to time determine.
- 28.3 The Directors may also be paid all their travelling and other expenses properly and necessarily incurred by them in connection with –
 - 28.3.1 the business of the Company; and
 - 28.3.2 attending meetings of the Directors or of committees of the Directors of the Company.
- 28.4 The Board may, as contemplated in and subject to the requirements of section 45, authorise the Company to provide financial assistance to a Director, prescribed officer or other person referred to in section 45(2), and the power of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

29. **EXECUTIVE DIRECTORS**

- 29.1 The Directors may from time to time appoint –
 - 29.1.1 managing and other executive Directors (with or without specific designation) of the Company;
 - 29.1.2 any Director to any other executive office with the Company,as the Directors may think fit, for a period as the Directors may think fit, (provided that, for so long as it may be required by the Act or the JSE Listings Requirements, the appointment of a managing or other executive Director in terms of clause 29.1.1, must be confirmed by the Shareholders at the next annual general meeting of the Company) and may from time to time remove or dismiss such persons from office and appoint another or others in his or their place or places.

- 29.2 Any Director appointed in terms of clause 29.1.1 –
- 29.2.1 shall (subject to the provisions of the contract under which he is appointed), whilst he continues to hold that position or office, not be subject to retirement by rotation; and
- 29.2.2 shall, subject to the provisions of any contract between himself and the Company, be subject to the same provisions as to disqualification and removal as the other Directors of the Company. If he ceases to hold office as a Director, his appointment to such position or executive office shall *ipso facto* terminate, without prejudice to any claims for damages which may accrue to him as a result of such termination.
- 29.3 The remuneration of a Director appointed to any position or executive office in terms of clause 29.1.1 –
- 29.3.1 shall be determined by a disinterested quorum of the Directors or a remuneration committee appointed by the Directors;
- 29.3.2 shall be in addition to or in substitution of any ordinary remuneration as a Director of the Company, as the Directors may determine;
- 29.3.3 may consist of a salary or a commission on profits or dividends or both, as the Directors may direct.
- 29.4 The Directors may from time to time entrust to and confer upon an executive Director for the time being such of the powers exercisable in terms of this Memorandum of Incorporation by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions, as they think expedient; and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

31. BORROWING POWERS

- 31.1 Subject to the provisions of clause 31.2 and the other provisions of this Memorandum of Incorporation, the Directors may from time to time –
- 31.1.1 borrow for the purposes of the Company such sums as they think fit; and
- 31.1.2 secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of Securities, mortgage or charge upon all or any of the property or assets of the Company.
- 31.2 The Directors shall procure (but as regards subsidiaries of the Company only insofar as by the exercise of voting and other rights or powers of control exercisable by the Company they can so procure) that the aggregate principal amount at any one time outstanding in respect of moneys so borrowed or raised by –
- 31.2.1 the Company; and
- 31.2.2 all the subsidiaries for the time being of the Company (excluding moneys borrowed or raised by any of such companies from any other of such companies but including the principal amount secured by any outstanding guarantees or suretyships given by the Company or any of its subsidiaries for the time being for the indebtedness of any other company or companies whatsoever and not already included in the aggregate amount of the moneys so borrowed or raised),
- shall not exceed the aggregate amount at that time authorised to be borrowed or secured by the Company or the subsidiaries for the time being of the Company (as the case may be).

35. DISTRIBUTIONS

- 35.1 Subject to the provisions of the Act, and particularly section 46, the Company may make a proposed distribution if such distribution –
- 35.1.1 is pursuant to an existing legal obligation of the Company, or a court order; or
- 35.1.2 is authorised by resolution of the Board, in compliance with the JSE Listings Requirements,
- provided that if such distribution is a repayment of capital, the Company shall not be entitled to make such distribution on the basis that it may be called up again.
- 35.2 No distribution shall bear interest against the Company, except as otherwise provided under the conditions of issue of the Shares in respect of which such distribution is payable.
- 35.3 Distributions may be declared either free of or subject to the deduction of income tax and any other tax or duty in respect of which the Company may be chargeable.
- 35.4 The Directors may from time to time declare and pay to the Shareholders such interim distributions as the Directors consider to be appropriate.
- 35.5 All distributions are to be declared by the Directors in accordance with the provisions of the Act.
- 35.6 All distributions and monies due to Shareholders must be held by the Company in trust for a period of 3 (three) years (or such longer period as the law may prescribe for the prescription of a claim) from the date on which they were declared. All distributions and monies due to Shareholders which remain unclaimed after the aforementioned period, may be declared forfeited by the Directors for the benefit of the Company and may be invested or otherwise made use of by the Directors for the benefit of the Company. The Directors may at any time annul such forfeiture upon such conditions (if any) as they think fit.

- 35.7 Any distribution, interest or other sum payable in cash to the holder of a Share may be paid by cheque or warrant sent by post and addressed to –
- 35.7.1 the holder at his registered address; or
 - 35.7.2 in the case of joint holders, the holder whose name appears first in the Securities Register in respect of the share, at his registered address; or
 - 35.7.3 such person and at such address as the holder or joint holders may in writing direct.
- 35.8 Every such cheque or warrant shall –
- 35.8.1 be made payable to the order of the person to whom it is addressed; and
 - 35.8.2 be sent at the risk of the holder or joint holders.
- 35.9 The Company shall not be responsible for the loss in transmission of any cheque or warrant or of any document (whether similar to a cheque or warrant or not) sent by post as aforesaid.
- 35.10 A holder or any one of two or more joint holders, or his or their agent duly appointed in writing, may give valid receipts for any distributions or other moneys paid in respect of a Share held by such holder or joint holders.
- 35.11 When such cheque or warrant is paid, it shall discharge the Company of any further liability in respect of the amount concerned.
- 35.12 A distribution may also be paid in any other way determined by the Directors, including by way of electronic funds transfer, and if the directives of the Directors in that regard are complied with, the Company shall not be liable for any loss or damage which a Shareholder may suffer as a result thereof.
- 35.13 Without detracting from the ability of the Company to issue capitalisation Shares, any distribution may be paid wholly or in part –
- 35.13.1 by the distribution of specific assets; or
 - 35.13.2 by the issue of Shares, debentures or securities of the Company or of any other company; or
 - 35.13.3 in cash; or
 - 35.13.4 in any other way which the Directors or the Company in general meeting may at the time of declaring the distribution determine.
- 35.14 Where any difficulty arises in regard to such distribution, the Directors may settle that difficulty as they think expedient, and in particular may fix the value which shall be placed on such specific assets on distribution.
- 35.15 The Directors may –
- 35.15.1 determine that cash payments shall be made to any Shareholder on the basis of the value so fixed in order to secure equality of distribution; and
 - 35.15.2 vest any such assets in trustees upon such trusts for the benefit of the persons entitled to the distribution as the Directors deem expedient.
- 35.16 Any distribution must be made payable to Shareholders registered as at a date subsequent to the date of declaration thereof or the date of confirmation thereof, whichever is the later date.

39. AMENDMENT OF MEMORANDUM OF INCORPORATION

- 39.1 Subject to the provisions of clause 6.6, this Memorandum of Incorporation may only be altered or amended (including any alteration or amendment that changes the name of the Company) by way of a special resolution of the Ordinary Shareholders in accordance with section 16(1)(c), except if such amendment is in compliance with a Court order as contemplated in section 16(1)(a) as read with section 16(4).
- 39.2 An amendment of this Memorandum of Incorporation will take effect from the later of –
- 39.2.1 the date on, and time at, which the notice of amendment contemplated in section 16(7) is filed with the Commission; and
 - 39.2.2 the date, if any, set out in the said notice of amendment,
- save in the case of an amendment that changes the name of the Company, which will take effect from the date set out in the amended registration certificate issued by the Commission.

SALIENT TERMS OF THE STADIO SIT

This **Annexure 16** contains extracts of various provisions from the STADIO SIT Deed. In each case, the numbering and wording below matches that of the applicable provisions in the STADIO SIT Deed. For a full appreciation of the provisions of the STADIO SIT Deed, Shareholders are referred to the full text of the STADIO SIT Deed, which is available for inspection, as provided for in paragraph 29 of the Pre-listing Statement.

2. CONSTITUTION AND OBJECT OF TRUST

- 2.1 The Company and the First Trustees hereby constitute the STADIO Group Share Incentive Trust.
- 2.2 The Company as donor, donates to and settles upon the Trustees the cash sum of R1 000 (one thousand Rand) upon trust for the purpose of constituting the Trust upon the terms and conditions set out in this Trust Deed.
- 2.3 The Trust fund from time to time shall comprise the amount so settled on the Trustees, any additions and accruals thereto, and any other property (including, monies and Shares) vested for the time being in the Trustees upon trust in terms of this Deed.
- 2.4 The main object and purpose of the Company adopting the Share Scheme is to incentive and retain Employees and to this extent the Share Scheme as contemplated in this Trust Deed will not to be used for trading purposes. The Trust is adopted to facilitate and govern the implementation of the Share Scheme. Employees, as beneficiaries of the Share Scheme, shall be provided with an incentive to advance the interests and growth of the Group Companies by awarding to them in terms of the Share Scheme the opportunity to acquire and obtain the benefit of Shares in the Company.
- 2.5 The parties accept the rights, benefits, privileges, duties and obligations arising or imposed on them, as the case may be, in terms of this Trust Deed. A Beneficiary shall be deemed to have accepted such rights, benefits, privileges, duties and obligations arising or imposed upon him in terms hereof upon acceptance of any Option in terms of this Trust Deed.

4. TRUSTEES

- 4.1 Pieter Nicolaas De Waal and Andro Rossouw are hereby appointed as the First Trustees of the Trust and they accept such appointment by their signatures to this Deed, including, without limitation, their obligation to administer the Trust property from time to time and to further the object of the Trust in accordance with the provisions of this Deed.
- 4.2 The number of Trustees shall at all times not be less than 2 (two) nor more than 5 (five).
- 4.3 A Trustee may not be or become a Beneficiary under this Trust whilst acting as a Trustee.
- 4.4 Executive Directors of the Company may not be appointed as Trustees of the Trust. Non-executive Directors, subject to any restriction contained in the Act, may be appointed as Trustees, provided they do not benefit from the Scheme.

6. TERMINATION OF OFFICE AS A TRUSTEE

Each Trustee shall remain in office until such Trustee ceases to hold office as contemplated in this clause 6. A Trustee shall cease to hold office as such upon –

- 6.1 such Trustee's estate being sequestered; or
- 6.2 such Trustee having become incapacitated in law to hold the office of trustee, in the circumstances as contemplated in section 20(2) of the Trust Property Control Act; or
- 6.3 such Trustee having been removed from office at any time if the Board is of the opinion that such Trustee is not fulfilling his role as contemplated herein; or
- 6.4 the Board giving 1 (one) calendar month's notice in writing to such Trustee that such Trustee has been removed from office; or
- 6.5 such Trustee having resigned at any time on giving 1 (one) calendar month's notice in writing to the Company, provided that the Board may, at the request of a Trustee, waive the full period of notice; or
- 6.6 such Trustee becoming disqualified, in terms of the Act or any other law or regulation, from holding an appointment as a director of a company (or similar position); or
- 6.7 such Trustee having been removed from a position of trust or as a trustee from another trust with similar provisions as described in this clause 6; or
- 6.8 such Trustee becoming a Participant under the Scheme.

7. SUCCESSION AND APPOINTMENT OF TRUSTEES

- 7.1 Upon any Trustee succeeding to office as Trustee, he shall, in his representative capacity, automatically become vested with the assets and liabilities of the Trust and in every way, with immediate effect, take the place of and assume the powers and duties of the Trustee whom he has succeeded.
- 7.2 On any Trustee ceasing to hold office for any reason whatsoever, the Board may, subject to clause 4, appoint a successor, but who may not be –

- 7.2.1 a Beneficiary;
 - 7.2.2 an executive Director of the Company; or
 - 7.2.3 disqualified from holding such office by virtue of the provisions of clause 6,
- as a Trustee to fill the vacancy.
- 7.3 The Board shall be entitled from time to time to appoint additional trustees, subject to the maximum number of Trustees and other restrictions provided for in clauses 4 and 7.2 above.

8. POWERS OF TRUSTEES

- 8.1 The Trustees shall, in addition to such other powers as may be conferred upon them by law or in terms of this Deed (whether express or implied), and subject to any other provisions of this Deed and any applicable peremptory statutory or regulatory provisions have the following powers –
- 8.1.1 to implement the main object and purpose of the Trust as contemplated in clause 2.4;
 - 8.1.2 to implement the principles of the Share Scheme;
 - 8.1.3 to acquire Shares for purpose of the Share Scheme, either by original subscription, purchase through the market or otherwise, exchange or any other means, and upon such terms as they in their discretion may deem fit, provided that –
 - 8.1.3.1 any Shares purchased through the market or otherwise will not be taken into account when calculating the number of Shares utilised by the Share Scheme;
 - 8.1.3.2 the provisions of sections 3.63 to 3.74 of the JSE Listings Requirements apply *mutatis mutandis* to any dealings by the Trustees, save for the circumstances pursuant to section 3.92 being present; and
 - 8.1.4 Shares may not be purchased during a prohibited period (as defined in the JSE Listings Requirements), unless the Scheme has in place a purchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the prohibited period. The Company must instruct an independent third party, which makes its investment decisions in relation to the Shares independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the purchase programme submitted to the JSE;
 - 8.1.5 to acquire any other marketable securities, whether in the Company or otherwise, either by original subscription, purchase (including the purchase of securities through the stock market or otherwise in order to satisfy any obligations in terms of the Scheme), exchange or any other means, and upon such terms as they in their discretion may deem fit provided that the acquisition thereof falls within, or is ancillary to, the scope of the main object and purpose of the Trust as contemplated in clause 2.4;
 - 8.1.6 to sell, exchange, donate, alienate, pledge, encumber or in any other manner deal with, dispose of or transfer Shares or the marketable securities as contemplated in 8.1.5 upon such terms as they in their discretion may deem fit;
 - 8.1.7 to participate in any Rights Offer or Capitalisation Issue (including any dividend capitalisation issue) of the Group Companies or in respect of any other company (to the extent applicable);
 - 8.1.8 to buy back Shares or other marketable securities from Participants and to sell such Shares or marketable securities to the Company if the Company lawfully wishes to acquire its own Shares or other Group Company shares or to acquire such marketable securities;
 - 8.1.9 to acquire assets for such purposes and upon such terms as they in their discretion may deem fit, provided that the acquisition of such assets falls within, or is ancillary to, the scope of the main object and purpose of the Trust as contemplated in clause 2.4;
 - 8.1.10 to take and act upon any expert or professional advice that may be required for any purposes of the Scheme;
 - 8.1.11 subject to any applicable statute, to open and operate accounts of all descriptions with registered financial institutions as may be required for the efficient administration of the Scheme;
 - 8.1.12 to draw, accept, make or endorse cheques, bills of exchange or promissory notes for and on behalf of the Trust in administering the Scheme;
 - 8.1.13 to exercise all rights conferred by shares and any other assets beneficially held by the Trust including voting rights, rights of conversion and redemption, rights to take up further allotments of shares (including by way of rights or Capitalisation Issues) and the like as they in their discretion may deem fit. As indicated in clause 37.4, Shares held by the Trust will not have their votes at general or annual general meetings taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements;
 - 8.1.14 to invest the surplus moneys of the Trust in such investments as they in their discretion may determine and to realise any such investment and to reinvest the proceeds thereof;
 - 8.1.15 subject to the provisions of the Act, and with the prior written approval of the Board, to borrow or raise moneys from Group Companies or any other third party for the purposes of the Share Scheme (including for the purposes of subscribing for or purchasing Shares or other marketable securities), on such terms as they in their discretion may deem fit;

- 8.1.16 to delegate to any person the performance of any acts which they are entitled to perform or exercise under this Deed;
 - 8.1.17 subject to the provisions of the Act, and with the prior written approval of the Board, to make loans to any persons (including Participants), whether interest-bearing or otherwise or whether secured or unsecured, for any purpose considered by the Trustees to be within, or is ancillary to, the scope of the main object and purpose of the Trust as contemplated in clause 2.4;
 - 8.1.18 instead of acting personally, to employ, and to pay, any attorney or any other person to transact business or do any act of whatsoever nature to be done pursuant to this Deed provided that any reasonable payment made in terms hereof shall be refunded to the Trustees by the Trust and/or the Company; and
 - 8.1.19 to exercise such further rights, powers and authorities as may from time to time be conferred upon them under the Share Scheme or by resolution of the Board or, if applicable, by Shareholders in general meeting.
- 8.2 The Trustees shall have –
- 8.2.1 full capacity to contract on behalf of the Trust, subject always to such limitations, if any, as may be imposed by this Deed, provided that, subject to any applicable statute, they will under no circumstances be personally liable in respect of any such contract; and
 - 8.2.2 *locus standi in judicio* and be capable of bringing, defending, opposing, withdrawing, settling and/or otherwise acting in connection with any proceedings whatsoever in or before any court, or in any arbitration, or before any other forum, provided that all costs reasonably incurred by them in that regard shall be for the account of the Trust;
 - 8.2.3 without in any way derogating from the powers and authorities hereinbefore vested in the Trustees, such ancillary and/or additional powers as shall be necessary or requisite (including the power to sign all necessary or requisite documentation) to enable them from time to time to deal with all matters pertaining to the Trust and the Share Scheme hereunder in such manner as they shall in their discretion deem advisable in the interests of the Trust and/or any Beneficiary hereunder;
 - 8.2.4 the power to pay any surplus funds held by the Trust from time to time (after discharging liabilities and having made provision for contingent liabilities) to the Company; and
 - 8.2.5 the power, in their sole discretion, to resolve to distribute any income and/or capital assets of the Trust to the Company in which event such income and/or capital assets shall vest in the Company in the financial year in which such resolution was passed.

9. QUORUM OF TRUSTEES

A quorum for a meeting of Trustees shall be a majority of the Trustees for the time being in office. If there are only 2 (two) trustees in office, a quorum shall be both trustees.

10. VOTING OF TRUSTEES

Decisions of Trustees shall be passed by majority of votes of the Trustees present at the meeting, provided that in the event that there are, at any time, only 2 (two) Trustees in office, a decision of the Trustees shall be the unanimous decision of both of them.

11. MEETINGS AND RESOLUTIONS OF TRUSTEES

- 11.1 Reasonable notice shall be given to all the Trustees of all meetings of the Trustees. The Trustees shall meet together for the despatch of business and otherwise regulate their meetings as they think fit.
- 11.2 The Trustees may from time to time elect a chairman (who shall not have a casting vote) to hold office for such period or periods as they may determine.
- 11.3 A Trustee may, subject to clause 11.1, at any time summon a meeting of Trustees.
- 11.4 A resolution in writing signed by all the Trustees shall be as valid and effectual as if it had been passed at a meeting of the Trustees duly called and constituted. Any such resolution may consist of several documents in like form each signed by one or more Trustees, and shall be deemed to have been passed on the date on which it was signed by the last Trustee who signed it.
- 11.5 The Trustees shall keep minutes of their meetings in writing and all resolutions passed by the Trustees shall be duly minuted.

12. DUTIES OF TRUSTEES

The Trustees, in addition to any other duty imposed by this Deed or by any law having jurisdiction over this Deed and the Share Scheme, shall –

- 12.1 award Options to Employees as directed by the Board;
- 12.2 cause proper records and books of account to be kept of the business and affairs of the Trust and the Trustees' administration thereof, which records and books shall be in the custody of such person as is designated by the Trustees from time to time, on behalf of the Trustees;
- 12.3 perform such other duties as the Board may from time to time prescribe;

- 12.4 keep separate accounts in respect of –
 - 12.4.1 all moneys lent and advanced by Group Companies or any other third parties to the Trust, and all Shares acquired pursuant to such loans;
 - 12.4.2 any Options awarded and all sales of Shares arising pursuant to the exercise of such Options in terms of the Share Scheme;
- 12.5 keep separate records in respect of each Beneficiary, which shall reflect –
 - 12.5.1 the details of the Options awarded to such Beneficiary;
 - 12.5.2 the number of Options exercised by such Beneficiary;
 - 12.5.3 the liability of such Beneficiary in respect of the exercise of Options;
 - 12.5.4 all payments made by such Beneficiary in respect of the exercise of Options; and
 - 12.5.5 the number of Shares held by such Beneficiary;
- 12.6 cause to be prepared by an accountant appointed by the Trust, as soon as reasonably possible after the end of each financial year of the Trust, a balance sheet and income statement, which accounts shall be prepared in accordance with generally accepted accounting practice; and
- 12.7 as soon as possible after the completion of the accounts referred to in clause 12.6, deliver to the Company copies of such accounts, duly signed by the Trustees.

14. REMUNERATION OF TRUSTEES

- 14.1 The Trustees may receive for their services as trustees such remuneration as may from time to time be approved by the Board.
- 14.2 The Trustees shall be entitled to be reimbursed for all expenses incurred by them in connection with the execution of their duties as trustees, including, if for any reason they are at any time required to furnish security, the costs from time to time of furnishing such security.

16. ACQUISITION BY TRUST AND FINANCIAL ASSISTANCE TO THE TRUST

- 16.1 The Board may from time to time offer Shares to the Trust or grant options to such Shares to the Trust in respect of Shares which do not exceed the scheme allocation determined in terms of clause 19 below. The Shares referred to in this clause 16.1, or any options in respect thereof are intended to enable the Trustees (in addition to any other Shares acquired by the Trust in terms of this Deed) to fulfil any obligations to Participants from time to time in terms of this Deed. The provisions of clause 19 shall apply *mutatis mutandis* to any applicable provisions of this clause 16.1.
- 16.2 Subject to the provisions of this Deed, the purchase or subscription price of Shares acquired by the Trust pursuant to the Share Scheme, the costs incurred in the acquisition of such Shares, any duties payable upon the transfer of Shares, any disbursements and expenditure incurred by the Trustees in their capacity as such, any amount due to the Trustees in terms of clause 14, any amount in respect of which a Trustee has been lawfully indemnified in terms of clause 15 and any money required to effect any loans under the Share Scheme or repayment of any previous borrowings by the Trustees shall be met out of –
 - 16.2.1 loans to be made to the Trust by any of the Group Companies in accordance with the provisions of sections 44 and 45 of the Act;
 - 16.2.2 contributions, awards or funds other than in the form of a loan, to be provided to the Trust by any of the Group Companies;
 - 16.2.3 loans by third parties (plus any interest thereon) to the Trust to be procured by the Board upon such terms as the Board is able to arrange having due regard to the provisions of sections 44 and 45 of the Act; and
 - 16.2.4 the Trust's own resources, if any,
 as the Board may from time to time direct. The Company undertakes to ensure that the Trust shall at all times be in a position to fund the acquisition by it (whether by purchase or subscription) of Shares under the Share Scheme.
- 16.3 Any loss incurred by the Trust pursuant to the implementation of the Share Scheme shall be borne by the Company or the applicable Group Company(ies) unless the Board determines to the contrary.
- 16.4 The Trust shall not be entitled to any capital gain or profit on any transactions undertaken by it (including in relation to any Shares) and no such capital gain or profit shall accrue to it, unless the Board determines in writing to the contrary. The Trust (unless the Board determines in writing to the contrary) shall cede and transfer to the Company or the applicable Group Company(ies) from time to time upon request, as a *quid pro quo* for clauses 16.3 and 36.4, its right to any capital gain or profit, which may arise from any such transaction undertaken by it.

18. AWARDING OF OPTIONS

- 18.1 The Board, subject to clause 19.4, may from time to time instruct and authorise the Trustees in writing to award Options to such Employees selected by it to participate in this Scheme (“**the Resolution**”). The Resolution shall specify the name of the Employee, the number of Options, the Option Date, the Strike Price and any other relevant terms and conditions as may be determined by the Board. Each such Option shall be offered for purchase at the Strike Price. The Trustees shall as soon as practicable award the Options to the persons named in the Resolution, which award shall be in writing and specify the number of Options, the Option Date, the Strike Price, the obligation of the Participant to adhere strictly to the terms of this Deed (which shall be made available at all times to any Participant) and any other relevant terms and conditions as may be determined by the Trustees, provided that, should the Initial Options be awarded, the number, Vesting Dates and Strike Prices of those Initial Options shall be as set out in **Annexure A** hereto.
- 18.2 All Options shall be subject to the provisions of the Trust Deed.
- 18.3 The Board shall determine Employees selected to participate in this Scheme and the number of Options awarded to such Employees based on the main object and purpose of the Trust (as contemplated in clause 2.4) and having regard to incentivising Employees based on recommendations by management and directors of the Company and/or any other Group Companies, to the extent applicable.
- 18.4 The frequency of the awarding of Options (including any new or additional Options from time to time) shall be determined by the Board from time to time.
- 18.5 The Board shall be under no obligation to award any Options to Employees or to award the same or similar number of Options to Employees.

19. PARTICIPATION ALLOCATION AND AMOUNT

- 19.1 The persons eligible for participation in the Share Scheme shall be such Employees determined in accordance with the provisions of this Trust Deed.
- 19.2 The *modus operandi* in terms whereof the Trust procures or acquires Options or Shares for the purposes hereof shall be in terms of clause 16.1 above or as otherwise determined between the Board and the Trustees.
- 19.3 The maximum aggregate number of Shares that may be utilised for the purposes of this Share Scheme, shall not exceed –
- 19.3.1 40 246 572 (forty million two hundred and forty-six thousand five hundred and seventy-two) Shares; or
- 19.3.2 such other number of Shares, as approved by the Board and, to the extent that such approval is required under the JSE Listings Requirements or other law, by Shareholders.
- 19.4 The maximum number of Shares that may be acquired by any one Beneficiary in terms of the Share Scheme, shall not exceed –
- 19.4.1 8 049 314 (eight million forty-nine thousand three hundred and fourteen) Shares; or
- 19.4.2 such other number of Shares, as approved by the Board and, to the extent that such approval is required under the JSE Listings Requirements or other law, by Shareholders.
- 19.5 The limits contained in clauses 19.3 or 19.4 are subject to any adjustment in terms of clause 26 below.
- 19.6 Save as expressly indicated otherwise in this Trust Deed, Scheme Shares shall in all respects rank *pari passu* with ordinary issued Shares of the Company, including as to voting, dividend, transfer and other rights and as to rights arising on a liquidation of the Company.
- 19.7 The Company shall make timeous application for any listing on the JSE of the Scheme Shares (to the extent applicable).

20. OPTIONS

- 20.1 An Option –
- 20.1.1 shall be awarded on the basis that if the Option is exercised the purchase price payable by the Beneficiary concerned will be the Strike Price;
- 20.1.2 shall, save to any extent permitted in terms of this Trust Deed, be personal to and only capable of being accepted by the Beneficiary to whom it is granted;
- 20.1.3 shall be exercised within the relevant period specified in terms of this Deed;
- 20.1.4 shall be exercised in writing and duly signed by the Beneficiary concerned or, if after his death it is capable of being exercised by the executors of his estate, by such executors. Such exercise shall include a physical address (and, if available, a telefax number or e-mail address), which address (and telefax number or e-mail address) shall constitute the *domicilium citandi et executandi* of such Beneficiary for all purposes in terms of the Scheme. Any notice addressed to the said *domicilium* of such Beneficiary shall, if sent by prepaid registered post, be deemed to have been received on the 5th (fifth) day after posting (unless the contrary is proved) and shall, if delivered by hand to a responsible person during ordinary business hours, be deemed to have been received on the day of delivery (unless the contrary is proved) and shall, if sent by telefax or e-mail, be deemed to have been received on the date of despatch (unless the contrary is proved). Notwithstanding anything to the contrary contained in this clause 20.1.4 any notice actually received by a Beneficiary shall be an adequate notice for the purposes hereof notwithstanding the fact that it was not sent to or delivered to the said *domicilium* of the Beneficiary;

- 20.1.5 shall, as to the number thereof awarded from time to time to any Beneficiary, be determined by the Board, in its discretion;
 - 20.1.6 may be awarded from time to time during the existence of the Scheme (subject always to clause 19);
 - 20.1.7 may only be exercised in respect of 100 (one hundred) Shares or multiples thereof at a time, or in full (if permitted in terms of this Deed);
 - 20.1.8 shall, pursuant to the exercise of an Option, be settled upon a Beneficiary only by way of the delivery of Shares and a Beneficiary shall not be entitled to receive cash in lieu of Shares (it being recorded that, for the purposes of International Financial Reporting Standard 2, the foregoing shall be an equity-settled share-based payment transaction);
 - 20.1.9 shall be awarded on the basis that the number of Scheme Shares to be delivered to a Beneficiary, and the discharge of the Strike Price in respect of such Shares, shall be on a delivery versus payment method in accordance with the provisions of this Trust Deed; and
 - 20.1.10 shall be governed by the provisions of this Trust Deed, to which the Beneficiary shall strictly adhere.
- 20.2 Save to any extent contemplated to the contrary in this Trust Deed, the risk in the Scheme Shares shall pass to the Beneficiary on the exercise of the Option.
- 20.3 Ownership or any other vested rights in and to the Scheme Shares shall only pass to the Beneficiary on delivery in terms of clause 23 and against payment of the Strike Price and fulfilment of any other obligations of the Beneficiary in terms of this Deed.
- 20.4 Delivery and registration of Scheme Shares to a Beneficiary shall only take place subject to compliance with the provisions of clause 20.3 and any other applicable provisions of this Deed.
- 20.5 An Option shall immediately lapse –
- 20.5.1 to the extent that it is not exercised within the Exercise Period of such Option; or
 - 20.5.2 prior to the exercise of the Option, if the Beneficiary to whom such Option has been granted, is dismissed from employment by a Group Company on grounds of misconduct, poor performance, dishonesty or fraudulent conduct; or
 - 20.5.3 prior to the exercise of the Option, if the Beneficiary to whom such Option has been granted, ceases to be employed by any Group Company for any reason whatsoever, save to any extent expressly contemplated in terms of clause 25 below; or
 - 20.5.4 to the extent contemplated in terms of this Trust Deed; or
 - 20.5.5 upon the Beneficiary making application for the voluntary surrender of his estate or his estate becoming subject to any provisional or final order for its sequestration or upon any attachment of any interest of a Beneficiary under the Scheme unless the Board in its discretion passes a resolution to the contrary within 60 (sixty) days of such voluntary surrender, sequestration or attachment.
- 20.6 Neither an Option, nor any rights awarded thereunder may be transferred, ceded, pledged or alienated in any way whatsoever, save as may be expressly permitted in terms of this Trust Deed.

21. OPTION EXERCISE

- 21.1 Options forming part of any Employee Allocation shall only be capable of being exercised in terms hereof (during the Exercise Period) on the basis of –
- 21.1.1 25% (twenty-five percent) thereof vesting as at the 2nd (second) anniversary of the Option Date (“**First Vesting Date**”);
 - 21.1.2 25% (twenty-five percent) thereof vesting as at the 3rd (third) anniversary of the Option Date (“**Second Vesting Date**”);
 - 21.1.3 25% (twenty-five percent) thereof vesting as at the 4th (fourth) anniversary of the Option Date (“**Third Vesting Date**”); and
 - 21.1.4 25% (twenty-five percent) thereof vesting as at the 5th (fifth) anniversary of the Option Date (“**Fourth Vesting Date**”),
- provided that the Vesting Dates of the Initial Options will be as set out in **Annexure A** hereto.
- 21.2 An Option must be exercised during the applicable Exercise Period of such Option (“**Option Exercise Date**”) and such exercise, and the Scheme Shares acquired pursuant to such exercise, shall be governed by the applicable provisions of this Trust Deed. For the avoidance of any doubt, and having regard to the provisions of clauses 20.5.1 and 21.1, the Exercise Period for Options falling due at the First Vesting Date, the Second Vesting Date, the Third Vesting Date and the Fourth Vesting Date (as the case may be) shall be within 30 (thirty) days of each of such First Vesting Date, Second Vesting Date, Third Vesting Date and Fourth Vesting Date (as the case may be). Likewise, for the avoidance of any doubt, the Exercise Period for an Initial Option shall be within 30 (thirty) days of the Vesting Date (as specified in **Annexure A** hereto) of such Initial Option.
- 21.3 The Board, in its discretion, may instruct the Trustees to reach more favourable alternative arrangements with Participants or the relevant executor or legal representative in regard to the date or time limits of the lapsing of an Option or the exercising of an Option or the date of payment of the Strike Price (including in respect of any dates or time limits contemplated in clauses 20, 21, 24 or 26 hereof) or the manner for effecting payment thereof.

- 21.4 Failure by a Beneficiary to exercise an Option timeously in accordance with the provisions of this clause 21 shall result in the lapsing of such Option.
- 21.5 Failure by a Beneficiary to comply faithfully and timeously with all his obligations in terms of the Trust Deed shall result in the immediate lapsing of his Options unless the Board instructs the Trustees to the contrary.

24. FINANCIAL ASSISTANCE TO BENEFICIARIES

- 24.1 Subject to the provisions of the Act and in amplification of clauses 8.1.15 and 8.1.17, in respect of any Beneficiary (or the relevant executor or legal representative of a Beneficiary's deceased estate) ("**Borrower**") who has exercised all or part of his Options in such manner as is contemplated in terms of this Trust Deed, the Trustees ("**Lender**") shall, in their absolute and unfettered discretion, with the prior written approval of the Board, be entitled to provide financial assistance to the Borrower for the purpose of assisting the Borrower in fulfilling the monetary obligations arising due to the exercise of all or part of his Options in terms of this Trust Deed, which obligations shall include, *inter alia*, the payment of the Strike Price in respect of such Options so exercised and any Beneficiary Taxation ("**the loan**"), subject to the following terms and conditions –
- 24.1.1 the Borrower shall be required to provide the Lender with a deposit equal to at least 10% (ten percent) of the loan value in cash on the applicable Option Exercise Date;
- 24.1.2 the Borrower shall be required, in a separate agreement, to pledge *in securitatem debiti* such number of Shares (whether or not they are the Scheme Shares to be delivered to the Borrower as contemplated in this clause 24) as is equal to (or more than) 130% (one hundred and thirty percent) of the loan value, unless the Trustees on reasonable grounds decide otherwise, with the value of such security to be calculated in *mutatis mutandis* the same manner as the Strike Price ("**the security**");
- 24.1.3 to the extent that the value of the security as calculated by the Lender continues to fall below aforementioned percentage in clause 24.1.2 above for a period of at least 5 (five) business days, the Lender shall be entitled to forthwith perfect all or part of the security so as to reduce any outstanding balance in respect the loan and in so doing restore the requisite percentage cover, to the extent additional security is not provided by the Borrower;
- 24.1.4 any outstanding balance in respect of the total amount borrowed by the Borrower from time to time shall attract interest at the South African Revenue Services fringe benefit rate, which shall accrue and be compounded annually in arrears and be payable annually by the Borrower;
- 24.1.5 the capital amount outstanding in respect of the loan, together with all interest accrued thereon, must be paid in full within 3 (three) years of such capital amount having been advanced to the Borrower by the Lender;
- 24.1.6 subject to the provisions of clause 25 and notwithstanding the provisions of clause 24, if the Borrower ceases to be an Employee at any time while any amount (whether capital or interest) in respect of the loan is outstanding, the full amount of the loan plus all interest that accrues thereon shall become due and payable within 7 (seven) days of written notice thereof by the Lender to the Borrower and interest at the prime rate of interest plus 3% (three percent) shall be payable on any outstanding amount unless the Lender resolves otherwise. The Lender shall furthermore be entitled forthwith to perfect all or part of the security so as to effect repayment of the full loan amount, including interest that may be outstanding.
- 24.2 Notwithstanding the foregoing, the Board may instruct the Trustees to reach more favourable alternative arrangements with a Borrower, depending on the personal circumstances of such Borrower. Accordingly, the terms and conditions of any financial assistance as granted by the Lender, remain in the Lender's sole discretion (subject to such aforementioned instructions as may be received from the Board).

33. AMENDMENTS TO THE TRUST DEED

- 33.1 Subject to –
- 33.1.1 the approval by Shareholders, to the extent that such approval may be required in terms of any law and the JSE Listings Requirements (including Schedule 14 of the JSE Listings Requirements); and
- 33.1.2 compliance with any applicable law and the JSE Listing Requirements (including the provisions contained in paragraph 14.1 of Schedule 14 of the JSE Listing Requirements),
- this Deed may be amended from time to time by written agreement between the Board and the Trustees. For the avoidance of doubt, to the extent that any such amendment relates specifically to matters listed in paragraph 14.1 of Schedule 14 of the JSE Listings Requirements, such amendment shall require the approval of an ordinary resolution to this effect, which resolution shall be approved by not less than a 75% (seventy-five percent) majority of the votes cast in respect of such resolution by all Shareholders present in person or by proxy at the general meeting to approve such resolution and duly authorised to vote in terms of paragraph 14.2 of Schedule 14 of the JSE Listings Requirements.
- 33.2 Subject to clause 33.1, if the implementation of any provision of this Deed is rendered impossible or impracticable by reason of any change in law at any time after the signing of this Deed, the Board shall have the power, with the approval of the Trustees, to amend this Deed in such manner as will result in it being capable of practical implementation in terms of the law then in force so as to result in the Trust, the Group and the Participants enjoying such rights as confer, in the opinion of the Auditors (acting as experts and not as arbitrators and whose determination shall be final and binding) for the time being of the Company, substantially the same degree of benefit on them as would have been enjoyed by them but for such amendments and change in law.

36. TERMINATION OF THE TRUST

- 36.1 The Trustees shall be entitled in their discretion to terminate the Trust –
- 36.1.1 should all Options awarded by it to Employees have been exercised and the Trust has received payment in full of any amounts owed to it by the Participants; or
 - 36.1.2 the Board resolves that the Trust shall be terminated; or
 - 36.1.3 should the Company, the Trustees and the Participants (if any) who have vested rights in terms of this Deed, agree in writing to terminate the Trust.
- 36.2 Upon termination of the Trust, the Trustees shall be entitled in their discretion to release the assets of the Trust and wind-up the affairs of the Trust and pay over to the Company any surplus funds (after having discharged all liabilities) remaining in the Trust. The provision of this clause 36.2 shall apply *mutatis mutandis* to any Shares held by the Trust upon the termination thereof.
- 36.3 Upon termination of the Trust, the Trustees shall be entitled in their discretion to transfer any income or capital (on terms and conditions to be determined by the Board and the Trustees) of the Trust to the Company.
- 36.4 Should the amount paid by the Trustees to the Company in terms of this clause 36 fall short of any indebtedness of the Trust to the Company and/or its Subsidiaries, the Trustees shall be relieved of all liability for such shortfall, which loss shall be constituted as a loss to be borne by the Company and/or its Subsidiaries.
- 36.5 The Trustees shall consult with the Board prior to implementing any aspects of this clause 36 and shall as far as reasonably possible take into consideration any determination of the Board.

DIRECTOR PROFILES

The definitions and interpretations commencing on page 13 of the Pre-listing Statement apply to this **Annexure 17**.

<p>Dr Christiaan Rudolph van der Merwe (Chris)</p> <p>Chief executive officer</p> <p>B. Prim (Ed), B.Ed, M.Ed (<i>Cum laude</i>), PhD in Education</p> <p>Appointed: 1 July 2017</p> <p>Nationality: South African</p> <p>Board committees:</p> <p>Social and ethics committee</p>	<p>Expertise and experience:</p> <p>Chris matriculated at the High School J.G. Meiring in 1979 whereafter he studied at the University of Stellenbosch and completed the degree B.Prim (Education) at the end of 1983. He accepted his first teaching post at Gene Louw Primary School in 1986 and obtained a Bachelor's degree in Education from the University of South Africa (UNISA) in 1988, before becoming the Head of Department in 1992. In this year, he also obtained a Master's degree in Education (<i>Cum laude</i>).</p> <p>In 1993, whilst teaching at Gene Louw Primary School, he started a closed corporation named "SkoolCor", which produced electronic learning modules as a surrogate for text books and supplied them to schools throughout South Africa. In 2008 The Shuttleworth Foundation purchased more than 1 000 learning modules and today they form an integral part of its Open Source Methodology.</p> <p>Chris became the deputy principal of Fanie Theron Primary School in 1997 and in the same year he obtained a doctorate in education at the University of Stellenbosch.</p> <p>During 1998 Chris founded the Curro Private School in a church in Durbanville, which opened its doors with 28 learners. In 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 the chief executive officer of Curro, a JSE listed company, which has grown to approximately 128 schools, with in excess of 47 000 learners and a market capitalisation of approximately R20 billion. In 2017 Chris stepped down as chief executive officer of Curro but will continue to serve as a non-executive director and eventually chairperson of the board of directors of Curro.</p>
<p>Samara Totaram (Samara)</p> <p>Chief financial officer</p> <p>CA(SA), CFA</p> <p>Appointed: 18 April 2017</p> <p>Nationality: South African</p> <p>Board committees:</p> <p>Social and ethics committee</p>	<p>Expertise and experience:</p> <p>Samara, a qualified chartered accountant, completed her articles with Deloitte & Touche (in South Africa and New York) and then spent 18 months at the Royal Bank of Scotland in London prior to joining PSG Capital in 2007. In 2010 Samara was appointed as a director of PSG Capital and was primarily involved in new listings, capital raisings and other commercial transactions, merger and acquisitions and general corporate finance consulting. In October 2010, she joined Thembeka Capital Limited (Thembeka), a PSG Group supported B-BBEE investment company, and was appointed as its managing director in 2013. Samara drove the unlocking of value for Thembeka's black shareholders. Samara joined Curro in October 2014 as the managing director of the Meridian venture and also served as a member of the Curro executive committee until December 2016. In January 2017 Samara transferred to the higher education division of the Curro group as its chief financial officer. Samara has served on the board of directors of many listed and non-listed companies and has chaired both the audit committee and the social and ethics committee of various companies.</p>
<p>Dr Divya Singh (Divya)</p> <p>Chief academic officer</p> <p>BA (Law); LL.B (cum laude); LL.M; LL.D; Masters in Tertiary Education Management (with Honours)</p> <p>Appointed: 27 June 2017</p> <p>Nationality: South African</p>	<p>Expertise and experience:</p> <p>Divya is an admitted advocate of the High Court of South Africa, having practiced for her own account for seven years. She is a Certified Ethics Officer by The Ethics Institute and the Executive Director of Globethics.net Southern Africa. She has served variously as an additional Magistrate, assessor in the High Court, and consultant to the South African Law Commission. Divya was a professional academic for the past twenty-six years. The last position held was Vice Principal Advisory and Assurance Services at the University of South Africa (UNISA) where she was responsible for Legal Services, Risk and Compliance, the Ethics Office, Communications and Marketing and the Institutional Information Office (Data Protection and Privacy). Divya also served in the capacity of Registrar Governance as well as the Deputy Registrar, taking responsibility for institutional student administration.</p> <p>Divya's research profile (in summary) includes more than 30 articles in accredited journals, ten book chapters, one book (co-edited), and in the last two years (2015 to 2016) she presented 15 conference papers and keynote presentations, locally and globally. She has been the editor of two academic journals and an editor of Butterworths Judgment-Online (JOL). She has received awards domestically and internationally for academic contribution and community service and engagement, as well as stakeholder recognition.</p> <p>Divya has a track record of service on boards, Commissions of Enquiry, and audit committees in the public sector where she served variously as chairperson or ordinary member of the committees and panels. She has initiated and facilitated co-operative and stakeholder relationships with local, continental and international partners with significant success and achievement.</p> <p>Divya joined the Curro group's higher education division as its chief academic and compliance officer in 2017.</p>

<p>Dr Rolf Heinrich Stumpf (Rolf)</p> <p>Independent non-executive Director</p> <p>BA (Mathematics and Statistics); Hons (Statistics); MA (Statistics); Ph.D (Statistics)</p> <p>Appointed: 1 May 2017</p> <p>Nationality: South African</p> <p>Board committees:</p> <p>Audit and risk committee</p> <p>Remuneration committee</p>	<p>Expertise and experience:</p> <p>Rolf was previously vice-chancellor and chief executive officer of the Nelson Mandela Metropolitan University in Port Elizabeth, vice-rector at the University of Stellenbosch and the president and chief executive officer of the Human Sciences Research Council (HSRC). Before that he was Deputy Director-General of the Department of National Education.</p> <p>Rolf served, amongst others as executive officer of the Universities and Technikons Advisory Council (AUT), the SA Council on Education, and the Scientific Advisory Council, chair of the Committee of Heads of Science Councils and a commissioner in the National Commission on Higher Education (NCHE). He also served as a member of the Board of the Research and Technology Foresight Study of the Department of Arts, Culture, Science and Technology and was a member of the Council on Higher Education.</p> <p>He is a member of the Higher Education Quality Committee's board and its executive committee, and was a member of Higher Education South Africa's executive committee and chair of its finance and audit committees. He has recently been appointed to Unisa's Council and is also a member of the Academy of Science of South Africa.</p> <p>Rolf is the author of a number of scientific articles in the field of statistics (qualitative data analysis) and co-author of a book on graphical exploratory data analysis. He also authored and co-authored a large number of policy reports in the field of education, especially in higher education. He has read numerous papers on higher education policy both nationally and internationally.</p>
<p>Renganayagee Kisten (Roji)</p> <p>Independent non-executive Director</p> <p>B.Admin; B.Admin (Hons); MDP (Stell. Bus. School); GMP (Harvard Bus. School)</p> <p>Appointed: 1 May 2017</p> <p>Nationality: South African</p> <p>Board committees:</p> <p>Audit and risk committee</p> <p>Remuneration committee</p> <p>Social and ethics committee (chairperson)</p>	<p>Expertise and experience:</p> <p>Roji spent most of her working career at Old Mutual group, including Nedcor Bank. Her work experience includes amongst others: Asset management in both listed and unlisted entities, Local and international capital raising for unlisted funds, Stakeholder management within South Africa and the rest of the African Continent, investor relations and managing enterprise development finance. Roji serves as a Director of Cookhouse Renewable Energy Wind Fund and Assupol Holdings. She serves on various boards as an independent non-executive director. She is chairperson of the Cookhouse Community Windfarm Trust, a director of the Nelson Mandela Bay Metro's Agency MBDA (Mandela Bay Development Agency) Board and the African Leadership Network and a trustee of the Imam Abdullah Haroon Trust. She also serves as an independent non-executive director on the board of CSG Holdings Limited (a JSE listed company). She has a B.Admin (Hons) degree from Stellenbosch Business School and completed the General Management Programme at Harvard Business School.</p>
<p>Khayelihle Sibusiso Sithole (Khaya)</p> <p>Independent non-executive Director</p> <p>CA(SA)</p> <p>Appointed: 1 May 2017</p> <p>Nationality: South African</p> <p>Board committees:</p> <p>Audit and risk committee (chairperson)</p> <p>Social and ethics committee</p>	<p>Expertise and experience:</p> <p>Khaya, a member of the South African Institute of Chartered Accountants (SAICA) and the Institute of Directors; studied at the University of KwaZulu-Natal and completed his CA articles with the FirstRand group working in the Retail Banking; Investment Banking; Asset Management and Insurance Divisions of the FirstRand group. He was appointed as the Executive Assistant to the chief financial officer of OUTsurance SA in 2009.</p> <p>He joined the University of KwaZulu-Natal (UKZN) in 2011 and lectured Financial Accounting and Taxation at undergraduate and postgraduate levels. He was also the Programme Manager of the SAICA UKZN Thuthuka Programme and served on the SAICA Eastern Region's Transformation and Education Committee from 2011 to 2014. In 2012, he was the youngest academic member appointed to the Senate of UKZN, the National Board of Directors for ABASA and the SAICA Eastern Region Council. He serves as a director of various private companies and chaired the audit committee of the WITS University Retirement Fund. In 2015, he was appointed as a non-executive director of Tshikululu Social Investments, a social investment management company responsible for the management and distribution of CSI funds for listed companies. He is a mentor on the Shanduka Black Umbrellas Programme which makes him responsible for the mentorship of start-up businesses and evaluation of business plans submitted to Shanduka. He also serves on the Advisory Panel for Shanduka Black Umbrellas. From 2015 to 2017, he served on the executive committee of the SAICA Young CA Network in Gauteng.</p> <p>Khaya is an editor of three textbooks, namely Graded Questions on Income Tax (Mitchell & Mitchell), Gripping GAAP (Service & Kolitz) and Gripping GAAP – Graded Questions (Service). He also headed up the 2012 editorial working group for the SAICA Legislation Handbook on behalf of SAICA and LexisNexis.</p>

Khaya lectured Financial Accounting on the CA stream at WITS University and served as the Thuthuka Project director for the WITS University School of Accountancy. In 2014, he was commissioned by the University of Cape Town to participate in the FASSET-funded Bukela Ufunde programme which provides Financial Reporting lectures in African languages to students throughout South Africa. His primary passion is the mentorship of students, the advancement of the profession amongst black communities and the promotion of principle-based teaching in Financial Reporting.

In 2016, he became the second South African to be awarded the Academic Fellowship by the International Accounting Standards Board for 2017/18 in London. Since January 2017, Khaya has been a graduate student at the Said Business School at the University of Oxford, UK.

Pieter Nicolaas de Waal (Nico)

Expertise and experience:

Non-executive Director

BEng (Mech), MBA

Appointed: 1 May 2017

Nationality: South African

Board committees:

Remuneration committee
(chairperson)

Nico holds an MBA from IESE Business School of the University of Navarre, Spain and a B.Eng in Mechanical Engineering (*Cum laude*), from the University of Stellenbosch. Nico joined the PSG group in 2011 and currently serves as the chief executive officer of PSG Private Equity and as a member of the PSG Group executive committee. Prior to joining the PSG group, Nico served as a management consultant and then executive at SABMiller plc from 2008 to 2010. He also served as a management consultant at McKinsey & Company, Inc. from 2001 to 2007 and specialized in strategy and operations. He started his career as an Engineer at Baker Hughes Inc. in Scotland and the Middle East in the oil and gas exploration industry from 1998 to 2000. In his capacity as CEO of the PSG Private Equity team, Nico has served and continues to serve on the board of many listed and unlisted companies. This included serving as the chairman of IQuad Group Limited from June 2011 to November 2011 as well as serving as a non-executive director of CSG Holdings Limited since June 2011. Nico also serves as a director of NRGP Holdings Proprietary Limited (trading as Energy Partners) and was appointed as a non-executive director of Alaris Holdings Limited in October 2014.

Andries Mellet (Dries)

Expertise and experience:

**Alternate non-executive Director
to PN de Waal**

CA(SA), B Compt Hons

Appointed: 1 May 2017

Nationality: South African

Board committees:

Remuneration committee
(alternate to chairperson)

Dries qualified as chartered accountant after completing his articles with PwC and has been working for the PSG Group since 2010. Dries was the financial director of mCubed Holdings Limited from October 2010 to February 2011 and Capevin Holdings Limited from April 2012 to November 2013. Dries served as secretary to the PSG Group exco and joined the PSG Alpha team in 2012. Dries served and continues to serve on the board of a number of PSG Group related companies.

OTHER DIRECTORSHIPS

The table below sets out the names of the companies and other entities of which STADIO's Directors, as well as the directors of its Major Subsidiaries are or have been Directors, members or partners during the five years preceding the Last Practicable Date.

Director	Name of Company or Entity	Nature of Business	Capacity	Active/ Resigned
CR van der Merwe	Curro Holdings Limited	Private education provider	Non-executive director	Active
	Campus and Property Management Company Proprietary Limited	Property holding	Alternate director	Resigned
	Embury Institute for Higher Education Proprietary Limited	Private higher education provider	Non-executive director	Active
	TLP Investments One Six Eight Proprietary Limited	Investment	Director	Active
	Curro Eiendomme Proprietary Limited	Property holding	Trustee	Resigned
	Interactive Curriculum Services Proprietary Limited	Learning materials	Director	Resigned
S Totaram	Dipeo Capital Proprietary Limited	Investment	Non-executive director	Active
	PSG Capital Proprietary Limited	Investment	Non-executive director	Active
	Stadio Investment Holdings Proprietary Limited	Investment	Director	Active
	Stadio Corporate Services Proprietary Limited	Corporate Services	Director	Active
	Embury Institute for Higher Education Proprietary Limited	Private higher education provider	Non-executive director	Active
	African Unity Insurance Proprietary Limited	Investment	Non-executive director	Resigned
	AIC Holding Company Proprietary Limited	Investment	Non-executive director	Resigned
	K2011115194 (RF) Proprietary Limited	Investment	Director	Resigned
	K2011115199 (RF) Proprietary Limited	Investment	Director	Resigned
	K2011130441 (South Africa) (RF) Proprietary Limited	Investment	Director	Resigned
	K2012031173 (South Africa) Proprietary Limited	Investment	Incorporator	Resigned
	K2012031173 (South Africa) Proprietary Limited	Investment	Director	Resigned
	K2012069321 (South Africa) Proprietary Limited	Investment	Director	Resigned
	Kaap Agri Proprietary Limited	Investment	Non-executive director	Resigned
	Plurispac Proprietary Limited	Investment	Director	Resigned
	Rumiclox Proprietary Limited	Investment	Director	Resigned
	Rumisys Investments (RF) Proprietary Limited	Investment	Director	Resigned
	Thembeke Advisory Proprietary Limited	Investment	Director	Resigned
	Thembeke Capital (RF) Proprietary Limited	Investment	Director	Resigned
	Thembeke Capital (RF) Proprietary Limited	Investment	Company Secretary	Resigned
	Thembeke Fin Holdings Proprietary Limited	Investment	Director	Resigned
	Thembeke Fin Holdings Proprietary Limited	Investment	Director	Resigned
	Thembeke Financial Services Proprietary Limited	Investment	Director	Resigned
	Thembeke ICT Proprietary Limited	Investment	Director	Resigned
	Thembeke Market Holdings Proprietary Limited	Investment	Director	Resigned
	Thembeke NWK Holdings Proprietary Limited	Investment	Director	Resigned
	Thembekafund I Proprietary Limited	Investment	Director	Resigned
	Tunica Trading 159 (RF) Proprietary Limited	Investment	Director	Resigned
	Spirit Capital Proprietary Limited	Investment	Non-executive director	Resigned
	Clusten 52 Proprietary Limited	Investment	Non-executive director	Resigned
	SOUTHAFRICA.IO Proprietary Limited	Investment	Director	Resigned
	SOUTHAFRICA.IO Holdings Proprietary Limited	Investment	Director	Resigned
	Campus and Property Management Company Proprietary Limited	Property holding	Director	Resigned
Meridian Operations Company (RF) NPC	Private education provider	Director	Resigned	
D Singh	None	None	None	None
RH Stumpf	Kwelokhozi CC	Nature Conservation	Member	Active
R Kisten	CSG Proprietary Limited	Industrial services	Director	Active
	Mandela Bay Development Agency (MBDA) Proprietary Limited	Municipal development agency	Director	Active
	Assupol Holdings Limited	Life insurance	Director	Active
	Cookhouse Windfarm Proprietary Limited	Renewable energy	Director	Active

Director	Name of Company or Entity	Nature of Business	Capacity	Active/ Resigned
KS Sithole	Corusca Proprietary Limited	Accounting	Director	Active
	Buddy for Change Proprietary Limited	Student mentorship	Director	Active
	Examcraft Proprietary Limited	Education	Director	Active
	MW Dladla FMCG Proprietary Limited	Investment	Director	Active
	Lefika La Phodiso – The Art Therapy Institute Proprietary Limited	Aftercare	Director	Active
PN Waal	NRGP Holdings Proprietary Limited	Energy	Director	Active
	Impaq Education Proprietary Limited	Education	Chairman	Active
	The Stellenbosch Nanofiber Company Proprietary Limited	Material science	Director	Active
	PSG Private Equity Proprietary Limited (<i>In process of changing its name to: PSG Alpha Investments</i>)	Investment holdings	Director	Active
	Friedshelf 1365 (RF) Proprietary Limited	Investment	Director	Active
	PSG Africa Holdings Proprietary Limited (<i>In process of deregistration/liquidation</i>)	Investment	Director	Active
	Alaris Holdings Limited	Technology	Non-executive director	Active
	ITSI Holdings Proprietary Limited	Education	Alternate director	Active
	Spirit Capital Proprietary Limited	Investment	Director	Active
	CA Sales Holdings Proprietary Limited	Fast moving consumer goods	Director	Active
	PSG Private Equity Consortium (RF) Proprietary Limited (<i>In process of deregistration/liquidation</i>)	Investment	Director	Active
	Education Insights Innovations Proprietary Limited	Education	Director	Active
	Malinois Investments Proprietary Limited	Investment	Director	Active
	Futurelearn Proprietary Limited	Education	Director	Active
	Nixonzara Investments Proprietary Limited	Investment	Director	Active
	Paladin Capital Limited	Investment	Director	Active
	CSG Holdings Limited	Outsourcing	Director	Resigned
	Extron Trading Proprietary Limited (“CA Sales Holdings”)	Investment	Director	Resigned
	PSG Private Equity Consortium Proprietary Limited	Investment	Director	Resigned
	Entrepo Holdings Proprietary Limited (<i>Namibian Company</i>)	Financial services	Director	Resigned
Protea Gietery Proprietary Limited	Industrial	Director	Resigned	
Poynting Holdings Limited	Technology	Director	Resigned	
A Mellet	Alaris Holdings Limited	Radio frequency technology	Non-executive director	Active
	Siyavula Education Proprietary Limited	Education products and services	Non-executive director	Active
	ITSI Holdings Proprietary Limited	Education products and services	Non-executive director	Active
	Clusten 52 Proprietary Limited	Investment	Non-executive director	In process of deregistration
	MyMostAwesome Proprietary Limited	Investment	Non-executive director	Active
	HeyCarter Proprietary Limited	New car buying platform	Non-executive director	Active
	PSG Private Equity Consortium (RF) Proprietary Limited	Investment	Director	Active
	Capevin Holdings Limited	Investment	Financial director	Resigned
	Propell Specialised Finance Proprietary Limited	Financial services	Non-executive director	Resigned
	Propell Group Proprietary Limited	Financial services	Non-executive director	Resigned
	Propell Sectional Title Solution Proprietary Limited	Financial services	Non-executive director	Resigned
	Friedshelf 1363 (RF) Proprietary Limited	Investment	Director	Active
	Nieuco Properties 1075 Proprietary Limited	Investment	Director	Active
	Melandri Investments Proprietary Limited	Investment	Director	Active
	Merset Beleggings Proprietary Limited	Investment	Director	Active
	Amakwenkwe Beleggings Proprietary Limited	Investment	Director	Active
	Setha’s Eiendomme Proprietary Limited	Investment	Director	Active
	Carmellie Investments Proprietary Limited	Investment	Director	Active
	Potato Seed Production Proprietary Limited	Farming	Director	Resigned

Director	Name of Company or Entity	Nature of Business	Capacity	Active/ Resigned
JJ Human	Embury Institute for Higher Education Proprietary Limited	Private higher education provider	Director	Active
	Almika Properties 90 Proprietary Limited	Property	Director	Active
	Human Boerdery BK	Farming	Member	Active
	62 Alpine Heath CC	Property	Member	Active
	67 Queen Mary Avenue Proprietary Limited	Property	Director	Active
	Embury Botswana Proprietary Limited	Investment	Director	Active
BJ Passchier	Intraframe Proprietary Limited	Owning and renting moveable and immoveable property	Director	Active
	Ekosto 1067 Proprietary Limited	Owning and renting moveable and immoveable property	Director	Active
	AFDA Botswana Proprietary Limited	Private Higher Education	Director	Active
	The South African School of Motion Picture Medium and Live Performance Proprietary Limited	Private Higher Education	Director	Active
G Holmes	Intraframe Proprietary Limited	Owning and renting moveable and immoveable property	Director	Active
	Ekosto 1067 Proprietary Limited	Owning and renting moveable and immoveable property	Director	Active
	AFDA Botswana Proprietary Limited	Private Higher Education	Director	Active
	The South African School of Motion Picture Medium and Live Performance Proprietary Limited	Private Higher Education	Director	Active
DN Hartshorne	Stadio Investment Holdings Proprietary Limited	Investment	Director	Active
	Stadio Corporate Services Proprietary Limited	Corporate Services	Director	Active
	Divan Hartshorne Beleggings Proprietary Limited	Property	Director	Active
	Hartshorne International Dental and Medical Supplies Proprietary Limited	Dental Supplies	Director	Active

DIRECTORS OF MAJOR SUBSIDIARIES

The table below contains particulars of the directors of STADIO's Major Subsidiaries:

STADIO INVESTMENT HOLDINGS PROPRIETARY LIMITED

Full name	Age	Capacity	Business Address
Samara Totaram	38	Chief financial officer	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550
Divan N Hartshorne	35	Executive director	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550

EMBURY INSTITUTE FOR HIGHER EDUCATION PROPRIETARY LIMITED

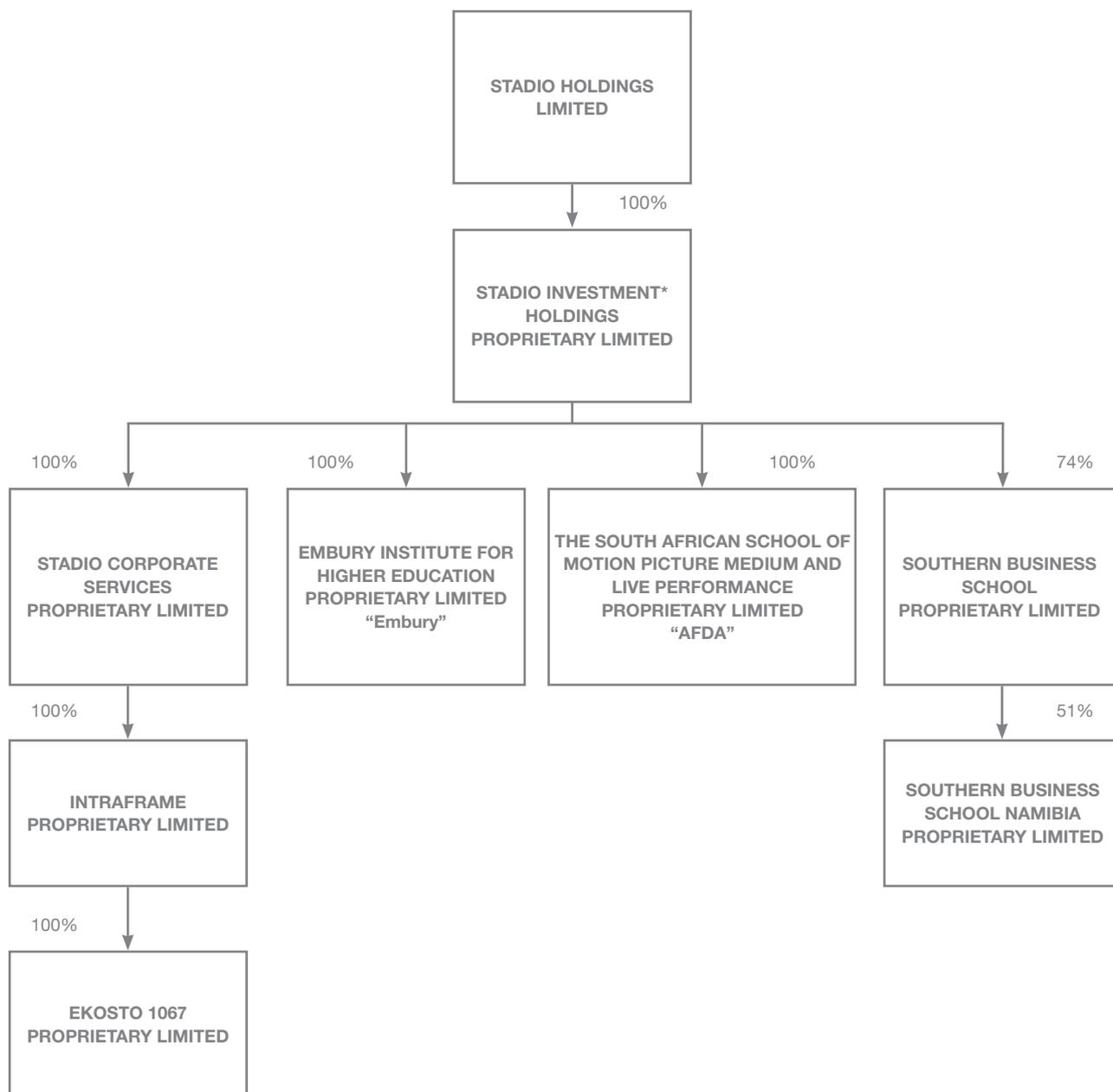
Full name	Age	Capacity	Business Address
Jacobus Johannes Human	52	Chief executive officer	119 Lillian Ngoyi Road, Morningside, Durban, 4001
Christiaan Rudolph van der Merwe	55	Non-executive Director	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550
Samara Totaram	38	Non-executive Director	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550

THE SOUTH AFRICAN SCHOOL OF MOTION PICTURE MEDIUM AND LIVE PERFORMANCE PROPRIETARY LIMITED

Full name	Age	Capacity	Business Address
Bata Judah Passchier	60	Executive Director	Suite 30, Fourth Floor, Katherine and West building, 114 West Street, Sandton, 2031
Garth Holmes	59	Executive Director	Suite 30, Fourth Floor, Katherine and West building, 114 West Street, Sandton, 2031

STRUCTURE OF THE STADIO GROUP

The STADIO Group structure, after the implementation of the SBS Acquisition, which is anticipated to be completed by 30 September 2017 is set out below:



* Embury Botswana (Proprietary) Limited is 100% owned by STADIO Investment Holdings, but is dormant and will be deregistered in due course.

DETAILS OF SUBSIDIARIES OF STADIO

The table below sets out the details of the Subsidiaries of STADIO as at the Last Practicable Date:

Subsidiary Name	Registration Number	Place of Incorporation	Incorporation Date	Issued share capital held	Nature of Business
STADIO Investment Holdings Proprietary Limited	2016/371414/07	South Africa	25 August 2016	100% held by STADIO	Investment holding company
Embury Institute for Higher Education Proprietary Limited	2004/031722/07	South Africa	28 October 2004	100% held by STADIO Investment Holdings	Private higher education provider
STADIO Corporate Services Proprietary Limited	2017/219978/07	South Africa	19 May 2017	100% held by STADIO Investment Holdings	Management and property holding company
The South African School of Motion Picture Medium and Live Performance Proprietary Limited	1999/024588/07	South Africa	4 November 1999	100% held by STADIO Investment Holdings	Private higher education provider
Intraframe Proprietary Limited	2002/017794/07	South Africa	24 July 2002	100% held by STADIO Corporate Services	Property and asset holding company
Embury Botswana (Proprietary) Limited	CO 2016/136	Botswana	5 January 2016	100% held by STADIO Investment Holdings	Dormant company

MATERIAL ACQUISITIONS

Nature of interest acquired	Date transferred into name of STADIO Group	Disposing party	Price paid in cash (R'000)	Price paid in securities (R'000)	Price paid in respect of goodwill	Loans incurred to finance acquisition (R'000)
100% of the issued shares of AFDA and 100% of the issued shares of Intraframe.	24 August 2017	Bata Judah Passchier and Garth Holmes	180 000	120 000	Note 1	130 000
74% of the issued shares of the Southern Business School. (STADIO Investment Holdings did not acquire the shares directly from the SBS Vendor as it subscribed for same in the Southern Business School).	Once the conditions precedent set out in the SBS Acquisition Agreements have been fulfilled, which is anticipated as being 30 September 2017.	Christian Phillipus David Vorster	100 000	100 000	Note 1	100 000

Note 1

The Purchase Price Allocation (PPA) exercise has not been finalised as at the Last Practicable Date. STADIO has opted to combine the goodwill and intangible assets in one line and record same as intangible assets (see note 9 of Annexure 11 in this regard).

DETAILS OF VENDORS

AFDA VENDORS

Name of Vendor	Bata Judah Passchier, with South African identity number 570201 5014 083.
Address of Vendor	Suite 30, Fourth Floor, Katherine and West building, 114 West Street, Sandton, 2031.
Asset acquired from Vendor	50% of the issued shares of AFDA and 50% of the issued shares of Intraframe.
Date asset originally acquired by Vendor	The business was founded by the AFDA Vendors in 1994. AFDA was incorporated in 1999 and Intraframe was incorporated in 2002.
Price paid to Vendor (including transaction costs plus deferred and contingent considerations)	R150 million (with the possibility of a further Top-up Consideration being payable in the event that certain recurring headline earning targets are met by AFDA).
Effective date of acquisition of assets	24 August 2017
Were book debts guaranteed by Vendor?	No.
Were normal warranties provided by Vendor?	Yes, a comprehensive set of warranties, standard for transactions of this nature, was provided by the Vendor.
Were restraints imposed on Vendor under the acquisition?	Yes, the Vendor is restrained from competing with AFDA from the date on which the AFDA Acquisition was implemented until the 3rd anniversary of the date on which the Vendor ceases to be a director of AFDA.
Did the acquisition involve any liability for accrued taxation?	No.
Have the assets been transferred into the name of STADIO or one of its Subsidiaries?	No.
Have the assets been ceded or pledged?	No.
Details of how the value of the securities was determined?	STADIO conducted a due diligence investigation and determined the fair market value the assets and business of AFDA and Intraframe.
Direct or indirect beneficial interest of any promotor or Director in the transaction	Not applicable.
The amount of any cash or securities paid or benefit given or proposed to be paid or given, to any promoter, not being a director.	No applicable.

Name of Vendor	Garth Holmes, with South African identity number 571126 5054 087.
Address of Vendor	Suite 30, Fourth Floor, Katherine and West building, 114 West Street, Sandton, 2031.
Asset acquired from Vendor	50% of the issued shares of AFDA and 50% of the issued shares of Intraframe.
Date asset originally acquired by Vendor	The business was founded by the AFDA Vendors in 1994. AFDA was incorporated in 1999 and Intraframe was incorporated in 2002.
Price paid to Vendor (including transaction costs plus deferred and contingent considerations)	R150 million (with the possibility of a further Top-up Consideration being payable in the event that certain recurring headline earning targets are met by AFDA).
Effective date of acquisition of assets	24 August 2017
Were book debts guaranteed by Vendor?	No.
Were normal warranties provided by Vendor?	Yes, a comprehensive set of warranties, standard for transactions of this nature, was provided by the Vendor.

Were restraints imposed on Vendor under the acquisition?	Yes, the Vendor is restrained from competing with AFDA from the date on which the AFDA Acquisition was implemented until the 3rd anniversary of the date on which the Vendor ceases to be a director of AFDA.
Did the acquisition involve any liability for accrued taxation?	No.
Have the assets been transferred into the name of STADIO or one of its Subsidiaries?	No.
Have the assets been ceded or pledged?	No.
Details of how the value of the securities was determined?	STADIO conducted a due diligence investigation and determined the fair market value the assets and business of AFDA and Intraframe.
Direct or indirect beneficial interest of any promotor or Director in the transaction	Not applicable.
The amount of any cash or securities paid or benefit given or proposed to be paid or given, to any promoter, not being a director.	No applicable.

SBS VENDOR

Name of Vendor	Christian Phillipus David Vorster, with South African identity number 670912 5061 085.
Address of Vendor	Plot 10, R28, Diswilmar, Krugersdorp, 1739.
Asset acquired from Vendor	74% of the issued shares of the Southern Business School. (STADIO Investment Holdings did not acquire the shares directly from the SBS Vendor as it subscribed for same in the Southern Business School).
Date asset originally acquired by Vendor	The business was founded by the SBS Vendor in 1996. The Southern Business School was incorporated in 2002.
Price paid to Vendor (including transaction costs plus deferred and contingent considerations)	R 200 million.
Effective date of acquisition of assets	Once the conditions precedents set out in the SBS Acquisition Agreements have been fulfilled, which is anticipated as being 30 September 2017.
Were book debts guaranteed by Vendor?	No.
Were normal warranties provided by Vendor?	Yes, a comprehensive set of warranties, standard for transactions of this nature, was provided by the Vendor.
Were restraints imposed on Vendor under the acquisition?	Yes, the Vendor will be restrained from competing with the Southern Business School from the date on which the SBS Acquisition is implemented until the 3rd anniversary of the date on which the Vendor ceases to be a director, shareholder or employee of the Southern Business School.
Did the acquisition involve any liability for accrued taxation?	No.
Have the assets been transferred into the name of STADIO or one of its Subsidiaries?	No.
Have the assets been ceded or pledged?	No.
Details of how the value of the securities was determined?	STADIO conducted a due diligence investigation and determined the fair market value the assets and business of the Southern Business School.
Direct or indirect beneficial interest of any promotor or Director in the transaction	Not applicable
The amount of any cash or securities paid or benefit given or proposed to be paid or given, to any promoter, not being a director.	No applicable.

MATERIAL BORROWINGS OF THE STADIO GROUP

Details of the material loans made to the STADIO Group, are set out below:

Lender	Borrower	Type of Loan	Reason for loan (acquisition of assets or other)	Loan Amount (R'000)	Interest Rate	Terms of repayment and settlement date	Security furnished	Balance owing on the Last Practicable Date (R'000)
Curro	STADIO Investment Holdings	Bridge funding	AFDA Acquisition	130 000	10% – 14.25%	Capital and interest repayable after Rights Offer in October 2017	None	130 784
Curro	STADIO Investment Holdings	Bridge funding	SBS Acquisition	100 000	10% – 14.25%	Capital and interest repayable after Rights Offer in October 2017	None	0 (no draw down has been made yet)

Notes:

1. None of the material loans listed in this **Annexure 24** have any rights of conversion or redemption.
2. The material loans listed in this **Annexure 24** will be repaid from the capital raised by way of the Rights Offer.

INTERGROUP LOANS OF THE STADIO GROUP

Details of the intergroup loans made to the STADIO Group, are set out below:

Lender	Borrower	Reason for loan (acquisition of assets or other)	Loan Amount (R'000)	Interest Rate	Terms of repayment and settlement date	Security furnished
STADIO Investment Holdings	Embury	Working capital and acquisition of assets	211 997	0%	No fixed terms of repayment	Unsecured
AFDA	Intraframe	Acquisition of assets	85 511	0%	No fixed terms of repayment	Unsecured

DETAILS REGARDING PRINCIPAL PROPERTIES OCCUPIED

Details of the principle properties occupied by STADIO and its Subsidiaries, which are owned by the STADIO Group, are set out below:

No	Owner	Property Type	Location/Address	Property Description	Date of Purchase	Area (m ²)
1.	Intraframe	Campus	Johannesburg	Portion 1 of Erf 64 Braamfontein Werf	6 December 2004	11 288
2.	Ekosto	Campus	Cape Town	Erf 25436 Cape Town	27 August 2002	7 019
3.	Ekosto	Campus	Cape Town	Erven 15744 & 15750, Cape Town	22 August 2014	504
4.	The Southern Business School of Namibia	Office	Windhoek-west	24 Wagner Street, Windhoek	4 February 2013	1 019
5.	The Southern Business School of Namibia	Office	Windhoek-west	Erf 1868, Windhoek	23 March 2015	875
6.	Embury	Campus	Pretoria	Erf 777 and erf 778 Montana Park	1 July 2016	50 496
7.	STADIO Corporate Services*	Campus	Durban	75 Silverton Road, Musgrave	15 December 2016	7 932

* This property was acquired by Curro on 15 December 2016. As part of an internal restructuring, Curro entered into an agreement with STADIO Corporate Services on 11 July 2017 in terms of which it agreed to transfer the property to STADIO Corporate Services. The transfer documents in relation to the property were lodged with the relevant deeds office on 5 September 2017 and registration of the transfer of the property is expected before the Listing Date.

Details of the principle properties occupied by STADIO and its Subsidiaries, which are leased by the STADIO Group, are set out below:

No	Owner	Lessee	Property Type	Location	Rental per month (R'000)	Unexpired term of lease – (years)	Area (m ²)
1.	Egoli Gas	Intraframe	Campus parking	Johannesburg	9	0.6	100 parking spaces
2.	Business Partners Limited	AFDA Cape Town	Campus	Cape Town	14	1.5	518
3.	Business Partners Limited	AFDA Cape Town	Campus	Cape Town	8	1.5	250
4.	Nuchi Properties CC	AFDA Cape Town	Campus	Cape Town	27	0.4	600
5.	DM Thlipahlu	AFDA Durban	Campus	Durban	216	3.4	2 360
6.	The Campus Trust	AFDA PE	Campus	Port Elizabeth	41	1.4	700
7.	The Campus Trust	AFDA PE	Campus	Port Elizabeth	4	0.4	95
8.	Knight Frank	AFDA	Residential flat	Claremont	27	0.4	196
9.	Citac Africa Proprietary Limited	The Southern Business School	Campus	Krugersdorp	240	2.9	2 200
10.	F&S Colatruglio Trust	Embury	Office	Durbanville	41	2.2	299
11.	Almika Properties 90 Proprietary Limited	Embury	Campus	Durban	79	0.4	660
12.	Almika Properties 90 Proprietary Limited	Embury	Office	Durban	80	0.4	605
13.	Curro	Embury	Campus	Durban	–	0.4	1 503
14.	Almika Properties 90 Proprietary Limited	Embury	Campus Canteen	Durban	20	0.4	133
15.	Artemis Properties Proprietary Limited trading as JH Issacs	Embury	Campus	Durban	17	0.4	219
16.	Artemis Properties Proprietary Limited trading as JH Issacs	Embury	Campus	Durban	28	0.4	245

