



G8 Education^{ltd}

Appendix 4D

Name of Entity:	G8 Education Limited
ABN:	95 123 828 553
Current Financial Period Ended:	Half-Year ended 30 June 2014
Previous Corresponding Reporting Period	Half-Year ended 30 June 2013

Results for Announcement to the Market

	Percentage change Up or Down		%	\$'000
Revenue from ordinary activities	Up	59%	to	187,245
Profit from ordinary activities after tax attributable to members	Up	48%	To	16,309
Profit for the period attributable to members	Up	48%	to	16,309

Dividends	Amount per Security	Franked amount per security
Interim Quarterly Dividend – Current Reporting Period		
March 2014 Quarter	3.50 Cents	100%
June 2014 Quarter	4.50 Cents	100%
Record date for determining entitlements to dividends		
March 2014 Quarter	28 March 2014	
June 2014 Quarter	27 June 2014	
Date dividend payable		
March 2014 Quarter	10 April 2014	
June 2014 Quarter	9 July 2014	
Details of any dividend reinvestment plan in operation	Dividend reinvestment plan is in operation	
Shares issued under the DRP were issued at a 5% discount to the daily volume weighted average market price for all GEM shares sold on the ASX during the 10 trading day period starting 5 trading days preceding and inclusive of the record date and ending after the 4 trading days immediately following the record date.		

	June 2014	June 2013
Net Tangible Assets (Liabilities) per Security	(0.46) Cents	(0.04) Cents
Brief explanation of any figures reported above necessary to enable the figures to be understood		
<p>The reported consolidated Net Profit after Tax (NPAT) for the half-year was \$16.3 million, an increase of \$5.3 million (or 48%) over the previous corresponding period.</p> <p>The Group reported EBIT for the half-year ended 30 June 2014 was \$30.1 million, an increase of \$13.0 million (or 77%) over the previous corresponding period.</p> <p>Underpinning this performance was the positive earnings contribution from the 76 child care centres acquired in the 2013 financial year.</p> <p>In the first half of the 2014 financial year, the Group continued to expand, completing the acquisition of 115 child care centres.</p>		
		\$'000
Reported EBIT		30,097
Acquisition related costs – legal & stamp duty		545
Translation expense on revaluation of Notes issued in Singapore Dollars		343
Reclassification of interest rate derivative		171
Underlying EBIT		31,150
<p>At 30 June 2014, the Group owned 349 centres in Australia and 18 in Singapore.</p> <p>The strong financial performance has enabled a 29% increase in the Group's annualised dividend during the half-year. The annualised dividend increased from 14 cents per share per annum fully franked based on the December 2013 quarter to 18 cents per share per annum fully franked as at June 2014.</p> <p>Shares on issue increased from 300,302,719 to 330,941,088 during the half-year period. Basic earnings per share for the half-year increased 26% from 4.15 cents per share to 5.21 cents per share.</p> <p>Subsequent to 30 June 2014 the Group has announced the following acquisitions :</p> <ul style="list-style-type: none"> 19 premium childcare and education centres. The purchase price is \$25.7m with \$24.3m payable at settlement and \$1.4m conditional upon the centre based EBIT target being achieved for the 12 months post settlement. The purchase price is 3.9 times anticipated EBIT for the 12 months post settlement; 25 premium childcare and education centres. The purchase price is \$82.7m with \$72.7m payable at settlement and \$10m conditional upon the centre based EBIT target being achieved for the 12 months post settlement. The purchase price is 4 times anticipated EBIT for the 12 months post settlement. 		

Compliance Statement

This report is based on the interim financial report that has been reviewed by our external auditors.

Chris Scott
Managing Director
11 August 2014



Interim Financial Report
30 June 2014



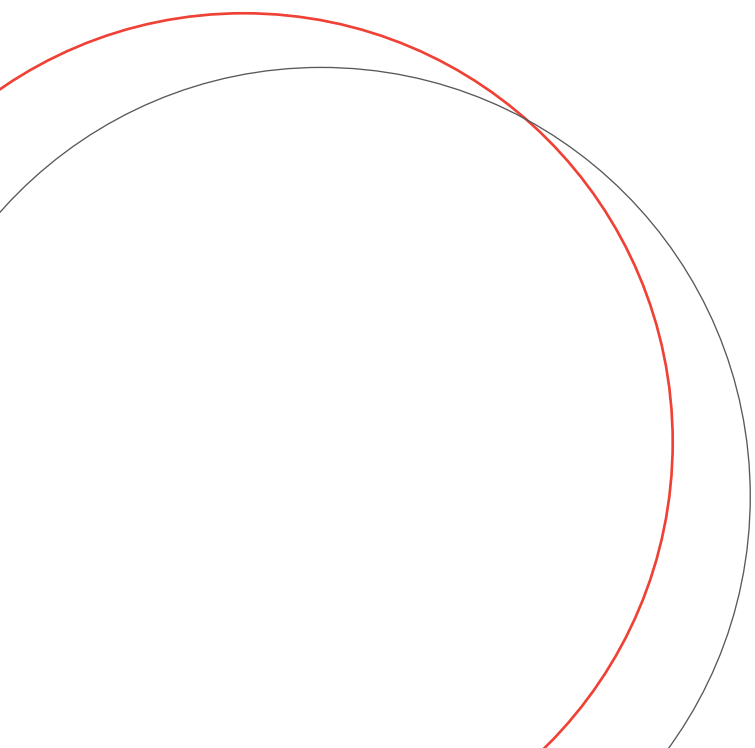


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Corporate Directory

Directors	Jennifer Hutson Chairperson - Non Executive
	Christopher Scott Managing Director
	Brian Bailison Non Executive
	Andrew Kemp Non Executive
	Susan Forrester Non Executive
Company Secretary	Christopher Sacre
Principal registered office in Australia	159 Varsity Parade Varsity Lakes QLD 4227
Share Registry	Advanced Share Registry Limited 150 Stirling Highway Nedlands, Western Australia 6009
Auditor	HLB Mann Judd (SE Qld Partnership) Level 15 66 Eagle Street Brisbane, QLD 4000
Stock Exchange Listing	G8 Education Ltd (ABN 95 123 828 553) shares are listed on the Australian Securities Exchange under the code GEM
Website Address	www.g8education.edu.au

Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of G8 Education Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2014.

Directors

The following persons were Directors of G8 Education Limited during the whole of the period and up to the date of this report:

- J Hutson
- C Scott
- B Bailison
- A Kemp
- S Forrester

Principal Activities

The principal continuing activities of the Group during the half-year were to operate child care centres owned and franchised by the Group.

Review of Operations

The reported consolidated Net Profit after Tax (NPAT) for the half-year was \$16.3 million, an increase of \$5.3 million (or 48%) over the previous corresponding period.

The Group reported EBIT for the half-year ended 30 June 2014 was \$30.1 million, an increase of \$13.0 million (or 77%) over the previous corresponding period.

Underpinning this performance was the positive earnings contribution from the 76 child care centres acquired in the 2013 financial year.

In the first half of the 2014 financial year, the Group continued to expand, completing the acquisition of 115 child care centres.

	\$000
Reported EBIT	30,091
Acquisition related costs – legal & stamp duty	545
Translation expense on revaluation of Notes issued in Singapore dollars	343
Reclassification of interest rate derivative	171
Underlying EBIT	31,150

At 30 June 2014, the Group owned 349 centres in Australia and 18 in Singapore.

The strong financial performance has enabled a 29% increase in the Group's annualised dividend during the half-year. The annualised dividend increased from 14 cents per share per annum fully franked based on the December 2013 quarter to 18 cents per share per annum fully franked as at June 2014.

Shares on issue increased from 300,302,719 to 330,941,088 during the half-year period. Basic earnings per share for the half-year increased 26% from 4.15 cents per share to 5.21 cents per share.

Subsequent to 30 June 2014 the Group has announced the following acquisitions :

- 19 premium childcare and education centres. The purchase price is \$25.7m with \$24.3m payable at settlement and \$1.4m conditional upon the centre based EBIT target being achieved for the 12 months post settlement. The purchase price is 3.9 times anticipated EBIT for the 12 months post settlement;
- 25 premium childcare and education centres. The purchase price is \$82.7m with \$72.7m payable at settlement and \$10m conditional upon the centre based EBIT target being achieved for the 12 months post settlement. The purchase price is 4 times anticipated EBIT for the 12 months post settlement.

Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report and the financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

Auditor

HLB Mann Judd (SE QLD Partnership) was appointed as auditor on 27 May 2010 and continues in office in accordance with section 237 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors.



Chris Scott
Managing Director
11 August 2014

G8 EDUCATION LIMITED
ABN 95 123 828 553

AUDITOR'S INDEPENDENCE DECLARATION – REVIEW

As lead auditor for the review of the consolidated financial report of G8 Education Limited for the half-year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of G8 Education Limited and the entities it controlled during the period.



C J M King
Partner

Brisbane
11 August 2014

HLB Mann Judd (SE Qld Partnership) ABN 68 920 406 716

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Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Income Statement

	Notes	30 June 2014 \$'000	30 June 2013 \$'000
Revenue from continuing operations		187,245	117,446
Other income		12	727
Expenses			
Expenses from continuing activities			
Employee benefits		(110,645)	(70,886)
Occupancy		(23,395)	(15,310)
Direct costs of providing services		(15,688)	(9,664)
Loss recognised on assets classified as held for sale and other disposals	(3)	-	(953)
Amortisation		(326)	(169)
Depreciation		(2,029)	(1,410)
Legal fees		(286)	(284)
Other expenses		(4,797)	(2,452)
Finance costs		(6,648)	(1,332)
Total expenses		(163,814)	(102,460)
Profit before income tax		23,443	15,713
Income tax expense		(7,134)	(4,695)
Profit for the half-year		16,309	11,018
		Cents	Cents
Basic earnings per share		5.21	4.15
Diluted earnings per share		5.21	4.14

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

	30 June 2014	30 June 2013
	\$'000	\$'000
Profit for the half-year	16,309	11,018
Other comprehensive income		
<i>Items that are or may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	(1,354)	2,289
Reclassification of interest rate derivative	171	24
Total comprehensive income for the half-year	15,126	13,331

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

	Notes	30 June 2014 \$'000	31 December 2013 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		153,942	114,043
Trade and other receivables		16,237	9,613
Other current assets	(4)	18,488	4,424
Total current assets		188,667	128,080
Non-current assets			
Receivables		-	1,640
Property plant and equipment	(5)	21,623	18,069
Deferred tax assets		8,384	7,320
Intangible assets	(6)	572,457	326,857
Total non-current assets		602,464	353,886
Total assets		791,131	481,966
LIABILITIES			
Current liabilities			
Trade and other payables		74,917	39,825
Borrowings	(7)	-	3,778
Employee entitlements		14,489	11,214
Derivative financial instruments		264	283
Current tax liabilities		4,113	8,910
Total current liabilities		93,783	64,010
Non-current liabilities			
Borrowings	(7)	262,254	110,436
Other Payables		734	760
Provisions		2,791	1,974
Total non-current liabilities		265,779	113,170
Total liabilities		359,562	177,180
Net assets		431,569	304,786
EQUITY			
Contributed equity		439,110	302,001
Reserves		4,850	18,884
Accumulated losses		(12,391)	(16,099)
Total equity		431,569	304,786

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

	Contributed Equity \$'000	Hedging Reserve \$'000	Translation Reserve \$'000	Fair Value Reserve \$'000	Profit Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance 1 January 2013	180,160	(229)	72	59	11,467	(9,221)	182,308
Profit for the half-year					11,018		11,018
Other comprehensive income		24	2,289				2,313
Transactions with owners in their capacity as owners							
Contributions of equity, net of transaction cost	37,869						37,869
Dividends provided or paid					(14,938)		(14,938)
Balance 30 June 2013	218,029	(205)	2,361	59	7,547	(9,221)	218,570
Balance 1 January 2014	302,001	(171)	3,287	-	15,768	(16,099)	304,786
Profit for the half-year						16,309	16,309
Other comprehensive income		171	(1,482)			128	(1,183)
Transactions with owners in their capacity as owners							
Contributions of equity, net of transaction cost	137,109						137,109
Transfer of profits reserve					12,729	(12,729)	-
Dividends provided or paid					(25,452)		(25,452)
Balance 30 June 2014	439,110	-	1,805	-	3,045	(12,391)	431,569

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

	30 June 2014 \$'000	30 June 2013 \$'000
Cash flows from Operating Activities		
Receipts from customers (inclusive of GST)	191,172	118,184
Payments to suppliers and employees (inclusive of GST)	(161,728)	(96,327)
Interest received	1,731	435
Interest paid	(5,204)	(1,331)
Borrowing costs	(42)	(78)
Tax paid	(11,424)	(4,264)
Net cash inflows from Operating Activities	14,505	16,619
Cash flows from Investing Activities		
Payments for purchase of businesses	(218,056)	(25,549)
Cash balances acquired as part of purchase of businesses	41	-
Proceeds from sale of childcare centres	-	104
Payments for property plant & equipment	(5,620)	(6,866)
Proceeds from repayments of loans	1,642	113
Net cash (outflows) from Investing Activities	(221,993)	(32,198)
Cash flows from Financing Activities		
Proceeds from the issue of shares	116,173	35,000
Proceeds from the issue of corporate notes	195,091	-
Share issue costs	(4,155)	(1,145)
Repayment of borrowings	(46,592)	(1,507)
Dividends paid	(12,996)	(8,173)
Net cash inflows from Financing Activities	247,521	24,175
Net increase in cash and cash equivalents	40,033	8,596
Cash and cash equivalents at the beginning of the financial year	114,043	21,795
Effects of exchange rate	(134)	144
Cash and cash equivalents at the end of period	153,942	30,535

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Half-Year Financial Report

1. Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2014 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This condensed consolidated interim financial report does not include all notes of the type normally included in an annual financial report. Accordingly, it is to be read in conjunction with the annual report for the year ended 31 December 2013 and any public announcements made by the G8 Education Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

G8 Education Limited is a for-profit organisation.

(a) New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. The disclosure in the 31 December 2014 annual report will reflect these new standards where required.

(b) Impact of Standards issued but not yet applied by the entity

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2017 but is available for early adoption. There will be no impact on the Group's accounting for financial liabilities or financial assets as it impacts available for sale financial assets and accounting for financial liabilities that are designated at fair value through the profit and loss, which the Group does not have any such assets or liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

The new hedging rules align hedge accounting more closely with the Group's risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure and requirements and changes in presentation.

The Group has not yet assessed how its own hedging arrangement would be affected by the new rules, and it has not yet decided whether to adopt any parts of AASB 9 early. In order to apply the new hedging rules, the Group would have to adopt AASB 9 and the consequential amendments to AASB 7 and AASB 139 in their entirety.

(c) Seasonality

The childcare industry has a distinct seasonal pattern. A large group of children leave childcare to commence school at the beginning of the year and then revenue increases with new enrolments as the calendar year progresses. Therefore the second half of the year delivers significantly more than half of the annual reported profit.

2. Segment information

a) Description of Segments

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions.

The Board considers the business as one group of centres and has therefore identified one operating segment, being management of child care centres. The Board believes that the Singapore operations do not constitute a separate operating segment. Applying the quantitative thresholds to the results and assets of Singapore further supports that the Singapore operations are not material. The following information is in respect of the single operating segment.

- All revenue in this report was derived from external customers and relates to the single operating segment.
- The total profit represents the segment profit and all balance sheet items relate to the single operating segment.

The segment disclosure has not altered from the last Annual Report.

	Australia \$'000	Foreign Country \$'000	Total \$'000
30 June 2014			
Revenue from external customers	181,542	5,715	187,257
Non current assets	557,800	24,664	602,464
30 June 2013			
Revenue from external customers	113,366	4,807	118,173
Non current assets	248,037	3,810	251,847

3. Profit for the half-year

Profit for the half-year includes the following items that are unusual because of their nature, size or incidence:

	30 June 2014 \$'000	30 June 2013 \$'000
Expenses		
Legal expenses relating to acquisitions	225	207
Amortisation of facility establishment costs upon refinance	808	-
Share based payment expense	67	133
Loss on non-current asset held for sale and other disposals	-	953
Translation expense on revaluation of Notes issued in Singapore dollars	343	-
Stamp duty and other acquisition costs	320	-
Reclassification of interest rate derivative	171	-
Applicable income tax	(140)	(102)
Total	1,794	1,191
Income		
Deferred consideration write back	-	550
Gain on sale of non-current assets	-	177
Total	-	727

4. Current Assets- Other

	30 June 2014 \$'000	30 June 2013 \$'000
Other current assets		
Prepayments	2,952	3,006
Deposits	1,020	1,009
Deposits on acquisitions	14,516	409
Total other current assets	18,488	4,424

5. Property, Plant & Equipment

	Buildings \$'000	Vehicles \$'000	Furniture, fittings and equipment \$'000	Total \$'000
At 31 December 2013				
Cost or fair value	5,046	1,480	20,637	27,163
Accumulated depreciation	(329)	(512)	(8,253)	(9,094)
Net book amount	4,717	968	12,384	18,069
Half-year ended 30 June 2014				
Opening net book amount	4,717	968	12,384	18,069
Effects of exchange rate changes	-	-	(39)	(39)
Additions - other	-	18	3,693	3,711
Additions - business combinations	-	917	1,264	2,181
Reclassification to assets held for sale and other disposals	-	(270)	-	(270)
Depreciation charge	(39)	(59)	(1,931)	(2,029)
Closing net book amount	4,678	1,574	15,371	21,623
As at 30 June 2014				
Cost or fair value	5,046	2,145	25,555	32,746
Accumulated depreciation	(368)	(571)	(10,184)	(11,123)
Net book amount	4,678	1,574	15,371	21,623

6. Intangible assets

	Goodwill \$'000
At 31 December 2013	
Cost	337,909
Accumulated amortisation and impairment	(11,052)
Net book amount	326,857
Half-year ended 30 June 2014	
Opening net book amount	326,857
Effect of movements in exchange rates	(1,218)
Acquisition of business (Note 10)	248,026
Measurement period adjustment	(1,208)
Reclassification to assets held for sale	-
Closing net book amount	572,457
At 30 June 2014	
Cost	583,509
Accumulated amortisation and impairment	(11,052)
Net book amount	572,457

7. Non-current borrowings

During June 2014 the Group repaid in full its senior debt facility with the Bank of Western Australia. The facility in place was a \$50m senior debt facility with an expiry date of 31 March 2017. The Group now has no drawn senior secured debt, but has the following unsecured corporate notes:

Issue Date	Term	Amount	Maturity
7 August 2013	6 years	\$70 million	August 2019 – fixed coupon 7.65% pa
3 March 2014	4 years	\$50 million	March 2018 – floating rate coupon 3.90% over the bank bill reference rate
12 May 2014	3 years	SGD \$175 million (equivalent of AUD \$150 million)	May 2017 – fixed coupon 4.75% pa

7. Non-current borrowings - continued

As at 30 June 2014, the contractual maturities of the Group's non-derivative financial liabilities were as follows:

	Less than 6 months \$'000	6 - 12 months \$'000	1 - 2 years \$'000	2 - 5 years \$'000	Over 5 years \$'000	Total Contractual Cashflows \$'000	Carrying Amount (Assets)/ Liabilities \$'000
At 30 June 2014							
Non-derivatives							
Trade payables	61,118	-	-	-	-	61,118	61,118
Borrowings (excluding finance leases)	8,071	8,303	17,332	257,857	99,351	390,914	268,243
Contingent consideration	14,557	4,770	73	225	1,110	20,735	19,148
Finance lease liabilities	-	-	-	-	-	-	-
Total non-derivatives	83,746	13,073	17,405	258,082	100,461	472,767	348,509
At 31 Decemeber 2013							
Non-derivatives							
Trade payables	34,819	-	-	-	-	34,819	34,819
Borrowings (excluding finance leases)	5,265	5,330	49,606	16,495	74,625	151,321	116,420
Contingent consideration	422	1,658	3,187	225	1,050	6,542	6,085
Finance lease liabilities	8	8	17	28	-	62	54
Total non-derivatives	40,514	6,996	52,810	16,748	75,675	192,743	157,378

8. Equity Securities Issued

	2014 Shares	2013 Shares	2014 \$'000	2013 \$'000
Issues of ordinary shares during the half-year				
Issuance of shares	28,392,110	24,137,931	129,623	34,198
Dividend reinvestment plan	2,246,259	1,965,088	8,074	3,522
Share based payment fair value adjustments	-	-	2,489	149
	30,638,369	26,103,019	140,186	37,869

9. Dividends

	30 June 2014 \$'000	30 June 2013 \$'000
Ordinary Shares		
Dividends paid or provided for during the half-year	25,452	14,938

10. Business Combinations

Acquisition		Total														
No of Centres		26	2	21	7	4	12	6	21	2	5	5	1	1	2	115
State	NSW/VIC/SA/QLD/WA	NSW	WA	WA	WA	NSW	NSW	QLD	WA	VIC	NSW	WA	ACT	NSW	SA	
Purchase consideration	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash consideration	25,864	5,878	43,830	18,882	9,411	24,890	15,926	48,630	8,291	10,625	10,191	5,685	3,371	3,686	235,160	
Contingent consideration	1,340	-	-	3,675	-	-	2,895	-	4,163	1,071	821	-	-	-	-	13,965
Purchase price adjustments	(1,613)	(165)	(1,033)	(217)	(270)	(465)	(85)	(276)	-	(275)	(41)	(1,214)	(170)	(332)	(6,156)	
Total purchase price consideration	25,591	5,713	42,797	22,340	9,141	24,425	18,736	48,354	12,454	11,421	10,971	4,471	3,201	3,354	242,969	
Assets and Liabilities acquired																
Property, Plant and Equipment	236	5	145	250	-	363	223	582	230	-	129	-	-	-	18	2,181
Payables	(292)	(87)	(515)	(49)	(257)	(264)	(11)	-	-	(114)	94	-	-	-	-	(1,495)
Employee benefit liabilities	(1,171)	(111)	(532)	(281)	(132)	(624)	(334)	(186)	-	(186)	(42)	-	-	-	-	(3,599)
Net identifiable assets/ (liabilities) acquired																
Amounts held in trust pending final adjustments	(185)	-	-	-	-	-	-	(276)	-	-	-	(1,214)	(170)	(300)	(2,145)	
Goodwill	27,003	5,905	43,697	22,419	9,530	24,950	18,859	48,235	12,224	11,721	10,791	5,685	3,371	3,636	248,026	
	25,591	5,712	42,795	22,339	9,141	24,425	18,737	48,355	12,454	11,421	10,972	4,471	3,201	3,354	242,968	
Revenue and profit contribution																
Revenue	5,492	1,490	629	169	636	262	201	157	292	39	266	4,666	211	169	14,679	
Profit before tax	638	290	73	(55)	5	42	25	(9)	42	7	39	1,107	27	(1)	2,230	

Deferred consideration

The deferred consideration arrangement requires the Group to pay some vendors a deferred cash payment provided contractually certain pre conditions are met.

Total deferred consideration on the Group's Balance Sheet as at 30 June 2014 is \$19.15 million.

11. Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 13 Fair Value Measurement: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy;

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability; either directly (as prices) or indirectly (derived from prices) (level 2); and
- (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table present the Group's assets and liabilities measured and recognised at fair value at 30 June 2014 and 31 December 2013:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 30 June 2014				
Liabilities				
Derivatives used for hedging	-	264	-	264
Contingent consideration payable	-	-	19,148	19,148
Total Liabilities	-	264	19,148	19,412

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 31 December 2013				
Liabilities				
Derivatives used for hedging	-	283	-	283
Contingent consideration payable	-	-	5,091	5,091
Total Liabilities	-	283	5,091	5,374

12. Contingencies

Contingent liabilities

The parent entity and Group had contingent liabilities at 30 June 2014 in respect of legal proceeding in the ACT.

As at 30 June 2014 the Company was a defendant in proceedings before the A.C.T Supreme Court. The proceedings related to the decision by the Group not to proceed with the purchase of two child care centres in the A.C.T. in 2008. The plaintiff was seeking an order that the Company perform the contracts of \$3.9 million, being the price of the two leasehold childcare centres which the Company had contracted to purchase. The case was heard in April 2009 and judgement was received in favour of the Company. The Plaintiff appealed the decision in October 2013. Subsequent to 30 June 2014 the parties have agreed that the appeal be discontinued and the case is now at an end.

13. Events occurring after the balance sheet date

Subsequent to 30 June 2014 the Group has announced the following acquisitions :

- 19 premium childcare and education centres. The purchase price is \$25.7m with \$24.3m payable at settlement and \$1.4m conditional upon the centre based EBIT target being achieved for the 12 months post settlement. The purchase price is 3.9 times anticipated EBIT for the 12 months post settlement;
- 25 premium childcare and education centres. The purchase price is \$82.7m with \$72.7m payable at settlement and \$10m conditional upon the centre based EBIT target being achieved for the 12 months post settlement. The purchase price is 4 times anticipated EBIT for the 12 months post settlement.

Directors' declaration

In the Directors' opinion:

- a) The financial statements and notes set out on pages 8 to 20 are in accordance with the Corporations Act 2001, including:
 - i. Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Chris Scott
Managing Director
11 August 2014

G8 EDUCATION LIMITED
ABN 95 123 828 553

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of G8 Education Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of G8 Education Limited ("the company") which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

HLB Mann Judd (SE Qld Partnership) ABN 68 920 406 716

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Accountants | Business and Financial Advisers

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of G8 Education Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Brisbane
Date: 11 August 2014

A handwritten signature in blue ink, appearing to read 'C J M King'.

C J M King
Partner

HLB Mann Judd (SE Qld Partnership) ABN 68 920 406 716

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