ASX Announcement

G8 Education Limited
(ASX:GEM)

3 August 2015

Debt Issuance

G8 Education Limited (ASX: GEM) is pleased to announce that it has placed S$155 million in unlisted, unsecured notes (the **Notes**) under its S$500,000,000 Multicurrency Debt Issuance Programme (the **Programme**), which was established on 2 May 2014.

DBS Bank Ltd. is the Sole Arranger for the Programme and the Sole Lead Manager and Bookrunner for the privately placed Notes.

Key terms of the Notes

Issuer	G8 Education Limited
Guarantors	The subsidiaries of G8 Education Limited, representing no less than 90% of the consolidated total assets of G8 Education Limited and its subsidiaries at all times.
Sole Lead Manager and Bookrunner	DBS Bank Ltd.
Issue Size	S$155 million
Type	Fixed Rate Notes
Form and Denomination	Bearer Form, in denominations of S$250,000
Coupon	3.5 % per annum, payable in arrears on 30 November 2015, 31 March 2016 and 31 July 2016 (each an **Interest Payment Date**), calculated on an actual/365 (fixed) day count basis and subject to the following business day convention.
Issue Date	31 July 2015
Maturity Date	Shall be the same date as the third Interest Payment Date
Purpose	The net proceeds are available for the purposes of financing potential acquisitions and for general corporate purposes of the G8 Education group.
Redemption upon Change of Control	Upon the occurrence of a Change of Control Event (as defined under the Programme), the Notes will be redeemed at 101% in accordance with the Programme.

Redemption at option of G8 Education	At any time on or after 30 November 2015 and up to the Maturity Date, G8 Education Limited may, upon giving the required notice, redeem the Notes together with unpaid accrued interest, at par, in whole or in part on a *pro-rata* basis. Any partial redemption of Notes shall be subject to a minimum principal amount of S$5,000,000 and in integral multiples of S$1,000,000 thereafter.
Redemption upon cessation or suspension of trading in shares	Upon a cessation or suspension of trading in G8 Education Limited shares (as described in the Programme), the Notes will be redeemed at par in accordance with the Programme.
Negative Pledge and Other Covenants	The terms of the Notes include a negative pledge, financial covenants and other terms and conditions in accordance with the Programme.
Unlisted	The Notes will not be listed.

ENDS
Chris Scott
Managing Director
G8 Education Limited

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached second supplemental information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached second supplemental information memorandum. In accessing the attached second supplemental information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached second supplemental information memorandum or make an investment decision with respect to the securities, investors must not be a U.S. person (within the meaning of Regulation S under the Securities Act (as defined below)). The attached second supplemental information memorandum is being sent at your request and by accepting the e-mail and accessing the attached second supplemental information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States nor a U.S. Person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") nor are you acting on behalf of a U.S. Person, the electronic mail address that you gave us and to which this email has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached second supplemental information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached second supplemental information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this e-mail and accessing the attached second supplemental information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor as defined under Section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), a relevant person as defined under Section 275(2) of the SFA or persons to whom an offer is being made, as referred to in Section 275(1A) of the SFA, and (B) agree to be bound by the limitations and restrictions described herein.

The attached second supplemental information memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of G8 Education Limited (the "**Issuer**"), DBS Bank Ltd. or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. **We will provide a hard copy version to you upon request.**

Restrictions: The attached second supplemental information memorandum is being furnished in connection with an offering of securities exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S

UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer or DBS Bank Ltd. to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

The attached second supplemental information memorandum or any materials relating to the offering of securities do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering of securities be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering of securities shall be deemed to be made by the dealers or such affiliate on behalf of the Issuer in such jurisdiction. The attached second supplemental information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached second supplemental information memorandum on the basis that you are a person into whose possession the attached second supplemental information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver the attached second supplemental information memorandum, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this document, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED SECOND SUPPLEMENTAL INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH SECOND SUPPLEMENTAL INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED SECOND SUPPLEMENTAL INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

G8 Education[ltd]

G8 Education Limited
(Incorporated in the Commonwealth of Australia)

S$500,000,000
Multicurrency Debt Issuance Programme
(the "Programme")

unconditionally and irrevocably guaranteed by the guarantors named in this Second Supplemental Information Memorandum (the "**Guarantors**")

This Second Supplemental Information Memorandum is a supplement to, and is to be read together with, the Information Memorandum dated 3 May 2014 (the "**Original Information Memorandum**") and consolidates the information provided in the Supplemental Information Memorandum dated 11 August 2014 (the "**First Supplemental Information Memorandum**") (the Original Information Memorandum, the First Supplemental Information Memorandum and this Second Supplemental Information Memorandum are collectively referred to as the "**Information Memorandum**") and all other documents that are deemed to be incorporated by reference therein relating to the S$500,000,000 Multicurrency Debt Issuance Programme.

Save to the extent defined in this Second Supplemental Information Memorandum, terms defined or otherwise attributed meanings in the Original Information Memorandum and the First Supplemental Information Memorandum have the same meaning when used in this Second Supplemental Information Memorandum. References in the Original Information Memorandum, the First Supplemental Information Memorandum and this Second Supplemental Information Memorandum to "the Information Memorandum" mean the Original Information Memorandum as supplemented by the First Supplemental Information Memorandum and this Second Supplemental Information Memorandum, unless the context requires otherwise. To the extent that there is any inconsistency between (a) any statement in this Second Supplemental Information Memorandum or any statement incorporated by reference into the Original Information Memorandum and the First Supplemental Information Memorandum by this Second Supplemental Information Memorandum and (b) any other statement in or incorporated by reference in the Original Information Memorandum and the First Supplemental Information Memorandum, the statements in (a) above will prevail.

This Second Supplemental Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Second Supplemental Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") and/or perpetual securities (the "**Perpetual Securities**" and, together with the Notes, the "**Securities**") to be issued from time to time by G8 Education Limited (the "**Issuer**") pursuant to the Programme may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, (iii) where the Securities are initially acquired pursuant to an offer in reliance of Section 274 or 275 of the SFA, pursuant to, and in accordance with the conditions of, Section 276 of the SFA and any other applicable provisions of the SFA, or (iv) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

The Issuer may, from time to time as required under the terms and conditions of the Securities and in each case in accordance with the terms of the Trust Deed change the entities which are Guarantors (as defined in the Information Memorandum) provided that the consolidated total assets of the Issuer and the Guarantors, taken as a whole at all times shall be no less than 90% of the consolidated total assets of the Group (as defined in the Original Information Memorandum).

All sums payable in respect of the Securities are unconditionally and irrevocably guaranteed by the Guarantors.

The Issuer does not intend to apply for quotation of any Securities issued pursuant to this Second Supplemental Information Memorandum.

Arranger

DBS

TABLE OF CONTENTS

Page

NOTICE

DBS Bank Ltd. (the "**Arranger**") has been authorised by G8 Education Limited (the "**Issuer**") to arrange the S$500,000,000 Multicurrency Debt Issuance Programme (the "**Programme**") described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Securities denominated in Singapore dollars and/or any other currencies.

This Second Supplemental Information Memorandum contains information with regard to the Issuer, the Guarantors and each of their respective subsidiaries, associated companies (if any), joint venture companies (if any) and the Securities. The Issuer and the Guarantors, each having made all reasonable enquiries, confirm that the Information Memorandum contains all information which is material in the context of the Programme and the issue and offering of the Securities, that all the information contained herein is true and accurate in all material respects, that the opinions, expectations and intentions expressed in the Information Memorandum have been carefully considered, and that there are no other facts the omission of which in the context of the Programme and the issue and offering of the Securities would or might make any such information or expressions of opinion, expectation or intention misleading in any material respect.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than Variable Rate Notes (as described under "*Summary of the Programme*" in the Original Information Memorandum)) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of Variable Rate Notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form or registered form and may be listed on a stock exchange. The Notes will initially be represented by a Temporary Global Security (as defined in the Original Information Memorandum) in bearer form, a Permanent Global Security (as defined in the Original Information Memorandum) in bearer form or a registered Global Certificate (as defined in the Original Information Memorandum) which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP (as defined as defined in the Original Information Memorandum) or a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") or otherwise delivered as agreed between the Issuer and the relevant Dealer(s) (as defined in the Original Information Memorandum). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s) and may be subject to redemption or purchase in whole or in part. The Notes may bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer(s). The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined in the Original Information Memorandum) issued in relation to each series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with the Information Memorandum.

Perpetual Securities may be issued in series having one or more issue dates, and on identical terms (including as to listing) except for the issue dates, issue prices and/or the dates of the first payment of distribution. Each series may be issued in one or more tranches on the same or different issue dates. The Perpetual Securities will be issued in bearer form or registered form and may be listed on a stock exchange. The Perpetual Securities will initially be represented by a Temporary Global Security in bearer form, a Permanent Global Security in bearer form or a registered Global Certificate which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP or a common depositary for Euroclear and/or Clearstream, Luxembourg or otherwise delivered as agreed between the Issuer and the relevant Dealer(s). Subject to compliance with all relevant laws, regulations and directives, the Perpetual Securities may be subject to redemption in whole or in part. The Perpetual Securities may confer a right to receive distributions at a fixed or floating rate. Details applicable to each series or tranche of Perpetual Securities will be specified in the applicable Pricing Supplement which is to be read in conjunction with the Information Memorandum.

The maximum aggregate principal amount of the Securities to be issued, when added to the aggregate principal amount of all Securities outstanding (as defined in the Trust Deed referred to in the Original Information Memorandum) shall be S$500,000,000 (or its equivalent in any other currencies) or such higher amount as may be increased in accordance with the terms of the Programme Agreement (as defined in the Original Information Memorandum).

No person has been authorised to give any information or to make any representation other than those contained in the Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantors, the Arranger or any of the Dealer(s). Save as expressly stated in the Information Memorandum, nothing contained in the Information Memorandum is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer, the Guarantors or any of their respective subsidiaries, associated companies (if any) or joint venture companies (if any). Neither this Second Supplemental Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the Guarantors, the Arranger or any of the Dealer(s) to subscribe for or purchase, the Securities in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Second Supplemental Information Memorandum or any such other document or information (or such part thereof) and the offer of the Securities in certain jurisdictions may be prohibited or restricted by law. Persons who distribute or publish this Second Supplemental Information Memorandum or any such other document or information (or such part thereof) or into whose possession this Second Supplemental Information Memorandum or any such other document or information (or such part thereof) comes are required to inform themselves about and to observe any such prohibitions or restrictions and all applicable laws, orders, rules and regulations.

The Securities have not been, and will not be, registered under the Securities Act (as defined in the Original Information Memorandum) or with any securities regulatory authority of any state or other jurisdiction of the United States and include Securities in bearer form that are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

Neither this Second Supplemental Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantors, the Arranger or any of the Dealer(s) to subscribe for or purchase, any of the Securities.

The Information Memorandum and all other documents or materials in relation to the issue, offering or sale of the Securities have been prepared solely for the purpose of the initial sale by the relevant Dealer(s) of the Securities from time to time to be issued pursuant to the Programme. This Second Supplemental Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Securities are sold or with whom they are placed by the relevant Dealer(s) as aforesaid or for any other purpose. Recipients of this Second Supplemental Information Memorandum shall not reissue, circulate or distribute this Second Supplemental Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Second Supplemental Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Securities shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer, the Guarantors or any of their respective subsidiaries, associated companies (if any) or joint venture companies (if any) or in the information herein since the date hereof or the date on which this Second Supplemental Information Memorandum has been most recently amended or further supplemented.

The Arranger and the Dealer(s) have not separately verified the information contained in this Second Supplemental Information Memorandum. None of the Issuer, the Arranger, any of the Dealer(s) or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Securities or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer, the Guarantors or any of their respective subsidiaries, associated companies (if any) or joint venture companies (if any). Further, none of the Arranger and the Dealer(s) makes any representation or warranty as to the Issuer, the Guarantors or any of their respective subsidiaries, associated companies (if any) or joint venture companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Second Supplemental Information Memorandum.

Neither this Second Supplemental Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantors, the Arranger or any of the Dealer(s) that any recipient of this Second Supplemental Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Securities. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer, the Guarantors and their respective subsidiaries, associated companies (if any) and joint venture companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer, the Guarantor and their respective subsidiaries and associated companies (if any) or joint venture companies (if any). Accordingly, notwithstanding anything herein, none of the Issuer, the Guarantors, the Arranger, any of the Dealer(s) or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Second Supplemental Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Second Supplemental Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Second Supplemental Information Memorandum or such other document or information (or such part thereof).

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, the Information Memorandum: (1) any annual reports and/or audited consolidated accounts of the Issuer and its subsidiaries, its associated companies (if any) and its joint venture companies (if any), and (2) any supplement or amendment to the Information Memorandum issued by the Issuer. The Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Securities, any Pricing Supplement in respect of such series or tranche. Any statement contained in this Second Supplemental Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Second Supplemental Information Memorandum to the extent that a statement contained in this Second Supplemental Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Second Supplemental Information Memorandum.

To the fullest extent permitted by law, none of the Arranger or the Dealer(s) accepts any responsibility for the contents of this Second Supplemental Information Memorandum or for any other statement made or purported to be made by the Arranger or any Dealer or on its behalf in connection with the Issuer, the Guarantors or the issue and offering of the Securities. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Second Supplemental Information Memorandum or any such statement.

Any purchase or acquisition of the Securities is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Securities by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Securities or pursuant to this Second Supplemental Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the Guarantors, the Arranger or any of the Dealer(s)) lapse and cease to have any effect if (for any other reason whatsoever) the Securities are not issued by the Issuer pursuant to the Programme Agreement.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The attention of recipients of this Second Supplemental Information Memorandum is drawn to the restrictions on resale of the Securities set out under "*Subscription, Purchase and Distribution*" on pages 135 and 136 of the Original Information Memorandum.

Any person(s) who is invited to purchase or subscribe for the Securities or to whom this Second Supplemental Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Securities or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations. It is recommended that persons proposing to subscribe for or purchase any of the Securities consult their own legal and other advisers before purchasing or acquiring the Securities.

RECENT DEVELOPMENTS

Acquisitions

By way of the First Supplemental Information Memorandum, the Issuer updated the market on certain acquisitions undertaken between April 2014 and August 2014 which are reproduced below:

"

- On 3 April 2014, the Group announced that it had entered into conditional contractual arrangements with a number of different vendors of childcare and education centres that will enable it to acquire up to 154 childcare and education centres.

- On 2 June 2014, the Group announced that between 30 April 2014 and 31 May 2014, the Group has settled 40 childcare and education centres in Australia.

- On 3 July 2014, the Group announced that during June 2014, the Group has settled 11 childcare and education centres, adding 879 places in Australia.

- On 8 July 2014, the Group announced that it had entered into several acquisition agreements with a number of different vendors that will give it the right to acquire 19 premium childcare and education centres from such vendors, conditional upon customary licensing and landlord approvals. Subject to these conditions being satisfied, the acquisitions are expected to complete before the end of October 2014.

  The total purchase price for the 19 premium childcare and education centres is A$25.7 million with A$24.3 million payable at settlement and a further payment of A$1.4 million conditional upon the centre based EBIT target being achieved in the 12 months post settlement. The purchase price is 3.9 times anticipated EBIT for the 12 months post settlement.

- On 11 August 2014, the Group announced that it had entered into several acquisition agreements with a number of different vendors that will give it the right to acquire 25 premium childcare and education centres from such vendors, conditional upon customary licensing and landlord approvals. Subject to these conditions being satisfied, the acquisitions are expected to complete before the end of January 2015.

  The total purchase price for the 25 premium childcare and education centres is A$72.7 million payable at settlement and a further A$10.0 million conditional upon the centre based EBIT target being achieved in the 12 months post settlement. The purchase price is 4 times anticipated EBIT for the 12 months post settlement.

  This will increase the total number of places in the Australian portfolio to 31,924 per day."

Since 11 August 2014, the Group has continued with its growth plans and set out below are recent announcements by the Issuer on further acquisitions as well as updates on completion of acquisitions set out in the First Supplemental Information Memorandum (including an update on the settlement in respect of the acquisitions announced on 11 August 2014 announced by the Group on 31 March 2015):

- On 5 September 2014, the Group announced that during August 2014, the Group had settled 14 childcare and education centres, adding 1,016 places in Australia.

- On 1 October 2014, the Group announced that during September 2014, the Group had settled 28 childcare and education centres, adding 1,887 places in Australia.

- On 22 October 2014, the Group announced that it had contracts in place that give it the right to acquire 20 childcare and education centres from a number of different vendors. The contractual arrangements with each of the vendors were conditional upon customary licensing and landlord approvals.

  17 of the 20 centres were being acquired for a purchase price of A$24.35 million which is payable at settlement, with a further payment of A$1.3 million conditional upon a centre based EBIT target being achieved in the 12 months post settlement. The purchase price represents 3.98 times anticipated EBIT for the 12 months post settlement. The remaining three centres are premium centres over which the Sterling group of companies, which were acquired by the Issuer, had options to purchase. The purchase price of these three Sterling related centres was A$12.35 million, representing 6.19 times anticipated EBIT for the 12 months post settlement.

- On 6 November 2014, the Group announced that during October 2014, the Group had settled 19 childcare and education centres, adding 1,301 places in Australia.

- On 4 December 2014, the Group announced that during November 2014, the Group has settled 15 childcare and education centres, adding 1,054 places in Australia.

The Group continued to implement its acquisition strategy during the course of 2015.

- On 16 February 2015, the Group announced that it had contracts in place that give it the right to acquire 12 premium childcare and education centres from a number of different vendors. The contractual arrangements with each of the vendors were conditional upon customary licensing and landlord approvals.

  The total purchase price for the 12 centres is A$36.0 million with A$29.9 million payable at settlement and a further payment of AS$6.1 million conditional upon the centre based EBIT target being achieved in the 12 months post settlement. The purchase price is 4 times anticipated EBIT for the 12 months post settlement.

- On 31 March 2015, the Group announced that settlement had occurred for 17 centres out of the acquisition of 25 childcare centres which was announced on 11 August 2014. Settlement had been delayed for eight of the centres caused by regulatory and licensing issues which were factors beyond the control of the Group and the vendor. Settlement is now expected to take place by the end of November 2015. The EBIT associated with the 8 centres was expected to be A$10 million in the 12 months post settlement.

- On 2 June 2015, the Group announced that it had contracts in place that give it the right to acquire 8 premium childcare and education centres from a number of different vendors. The contractual arrangements with each of the vendors were conditional upon customary licensing and landlord approvals.

  The total purchase price for the 8 centres is A$12.06 million excluding transaction costs. The purchase price is 4 times anticipated EBIT for the 12 months post settlement.

- On 22 July 2015, the Group announced that during the six month period from 1 January 2015 to 30 June 2015, the Group had settled 21 childcare and education centres.

As at 30 June 2015, the Group's portfolio comprised 457 childcare and education centres in Australia, with a daily licence capacity of 33,402 children and 18 childcare centres with 37 franchised centres in Singapore.

The Group has 17 childcare and education centre acquisitions which it has previously announced which are expected to settle during the second half of 2015.

Offer for Affinity Education Group Limited

On 3 July 2015, the Issuer announced that it proposed making a takeover bid for all of the ordinary shares in Affinity Education Group Limited ("**Affinity**") which the Issuer did not already own. The Issuer proposed offering one fully paid ordinary share in the Issuer for every 4.61 fully paid ordinary shares in Affinity, valuing Affinity at A$162 million (or A$0.70 per Affinity share) at the closing price on 2 July 2015. This represented an attractive premium of 29.6% to Affinity's closing share price of A$0.54 on 2 July 2015.

On 6 July 2015, the Issuer announced that it had increased its holding in Affinity to 46,051,790 shares in Affinity, representing 19.89% of Affinity's ordinary shares on issue.

Repayment of Secured Debt

On 24 June 2014, the Group announced that it had repaid its secured financing facility with Bank of Western Australia.

The Group completed its first issue of Notes of S$175 million ("**First Issue**") on 19 May 2014 under the Programme and has used the proceeds raised to pay out the senior debt facility and to finance acquisitions. On 21 August 2014, the Group completed the issue of a second tranche of Notes to the value of S$85 million ("**Tranche 2 Notes**") under the Programme, which are consolidated and form a single series with the First Issue. The Group has used the proceeds raised from the Tranche 2 Notes to finance acquisitions. As at the date of this Second Supplemental Information Memorandum, the Group has no secured debt.

The strong financial performance of the Group has enabled it to reach a position where all of its current financing is unsecured at competitive rates. It is well placed to expand its business activities with no secured debt and a strong balance sheet.

Additional Subsidiary Guarantors

On 10 August 2014, each of the following five Australian subsidiaries of the Issuer executed a deed of accession to become Additional Subsidiary Guarantors: Alfoom Investments Pty Ltd, Bui Investments Pty Ltd, Derafi Pty Ltd, Jolimont Private Education Pty Ltd and WTTS Operations Pty Ltd.

On 21 April 2015, each of the following seven Australian subsidiaries of the Issuer executed a deed of accession to become Additional Subsidiary Guarantors: Kindy Kids Village Pty Ltd, Shemlex Pty Ltd, Three Little Pigs Pty Ltd, Kindy Kids Long Day Care and Preschool Pty Ltd, Jellybeans Attadale Pty Ltd, ACN 078 042 378 Pty Ltd and ES5 Pty Ltd.

As at the date of this Second Supplemental Information Memorandum, there are 53 Guarantors to the Programme as follows:

1. Grasshoppers Early Learning Centres Pty Ltd
2. Togalog Pty Ltd
3. RBWOL Holding Pty Ltd
4. Ramsay Bourne Holdings Pty Limited

5. Bourne Learning Pty Ltd
6. Ramsay Bourne Acquisitions (No. 1) Pty Limited
7. Ramsay Bourne Acquisitions (No. 2) Pty Limited
8. RBL No. 1 Pty Ltd
9. Ramsay Bourne Licences Pty Limited
10. World of Learning Pty Limited
11. World of Learning Acquisitions (No. 1) Pty Limited
12. World of Learning Acquisitions Pty Limited
13. World of Learning Licences Pty Limited
14. G8 KP Pty Ltd
15. Sydney Cove Children’s Centre Pty Ltd
16. Sydney Cove Children’s Centre B Pty Ltd
17. Sydney Cove Children’s Centre C Pty Ltd
18. Sydney Cove Property Holdings Pty Limited
19. Sterling Early Education Holdings Pty Ltd
20. Sterling Early Education Finance Pty Limited
21. Jellybeans Operations Pty Limited
22. Huggy Bear Operations Pty Limited
23. Jacaranda Operations Pty Ltd
24. Oorama Operations Pty Limited
25. North Shore Childcare Pty Limited
26. Kool Kids Operation Pty Limited
27. CG Operations Pty Limited
28. Kindy Kids Operations Pty Limited
29. Woodland Education Operations Pty Limited
30. Jane’s Place Operations Pty Limited
31. G8 Education Singapore Pte Ltd
32. Cherie Hearts Holdings Pte Ltd
33. Cherie Hearts Corporate Pte Ltd
34. Our Juniors Global Schoolhouse Pte Ltd
35. Bright Juniors Pte Ltd
36. Cherie Hearts @ Gombak Pte Ltd
37. Bright Juniors @ PGL Pte Ltd
38. Bright Juniors @ SC Pte Ltd
39. Bright Juniors @ YS Pte Ltd
40. Cherie Hearts @ KK Pte Ltd
41. Cherie Hearts @ SK Pte Ltd
42. Alfoom Investments Pty Ltd
43. Bui Investments Pty Ltd
44. Derafi Pty Ltd
45. Jolimont Private Education Pty Ltd
46. WTTS Operations Pty Ltd
47. Kindy Kids Village Pty Ltd
48. Shemlex Pty Ltd
49. Three Little Pigs Pty Ltd
50. Kindy Kids Long Day Care and Preschool Pty Ltd
51. Jellybeans Attadale Pty Ltd
52. ACN 078 042 378 Pty Ltd
53. ES5 Pty Ltd

APPENDIX I

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. Save for the resignation of Andrew Kemp as a director and the appointment of Matthew Reynolds as a non-executive director as announced to the market on 17 March 2015, the Board of Directors of the Issuer is set out on pages 103 to 104 of the Original Information Memorandum. Certain information on the business and working experience of Matthew Reynolds is set out below:

   Matthew Reynolds

   BSc (Hons), LLB (Hons), MQLS

   Mr Reynolds is currently a partner at HWL Ebsworth Lawyers and has experience in capital markets, ASX listings, private equity and mergers and acquisitions. He specialises in providing tailored legal and strategic advice in a highly regulated and technical market and has advised on a large number of complex capital market and merger and acquisition projects. His key clients are primarily in the energy and resources, technology and infrastructure sectors throughout Australia and Asia.

   Mr Reynolds was previously a Director of the Issuer from 2011 to 2013.

   He holds a Bachelor of Political Science and Economics (Honours) and a Bachelor of Laws (Honours) and is a member of the Company Law Committee of the Queensland Law Society.

2. No Director or any director of the Guarantors is or was involved in any of the following events:

   (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;

   (b) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being a named subject to any pending proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or

   (c) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

3. (a) The Directors are not related by blood or marriage to one another nor are they related to any substantial shareholder of the Issuer.

   (b) The directors of the Guarantors are not related by blood or marriage to one another nor are they related to any substantial shareholder of such Guarantor.

4. The interests of the Directors and the substantial shareholders of the Issuer in the Shares as at the date of this Second Supplemental Information Memorandum are as follows:

DIRECTORS

	Shareholdings as at the date of this Second Supplemental Information Memorandum[1]			
	Direct Interest		**Deemed Interest**	
Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Jennifer Hutson	1,953,778	0.53	0	0
Christopher Scott	1,000,000	0.27	6,110,919[2]	1.66
Brian Bailison	0	0	0	0
Susan Forrester	0	0	0	0
Matthew Reynolds	14,695	0.004	0	0

Notes:

(1) Total number of shares issued (excluding treasury shares) as at the date of this Second Supplemental Information Memorandum is 367,825,477.

(2) Mr. Christopher Scott, spouse of Madam Juwarseh Scott, is deemed to be interested in Madam Scott's direct interest of 6,110,919 shares, being 1.66 per cent.

SUBSTANTIAL SHAREHOLDERS

	Shareholdings as at the date of this Second Supplemental Information Memorandum[1]			
	Direct Interest		**Deemed Interest**	
Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
UBS Group AG	31,891,193	8.81	0	0
Greencape Capital Pty Ltd	23,107,441	6.33	0	0
Challenger Limited	22,174,168	6.07	0	0
National Australia Bank Limited	18,892,080	5.175	0	0

Note:

(1) Total number of shares issued (excluding treasury shares) as at the date of this Second Supplemental Information Memorandum is 367,825,477.

SHARE CAPITAL

5. (a) As at the date of this Second Supplemental Information Memorandum, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the shares are stated in the Constitution of the Issuer.

   (b) As at the date of this Second Supplemental Information Memorandum, there is only one class of ordinary shares in each of the Guarantors. The rights and privileges attached to the shares are stated in the Constitution or the Memorandum and Articles of Association of such Guarantor.

6. The issued share capital of the Issuer as at the date of this Second Supplemental Information Memorandum is as follows:

Share Designation	**Issued Share Capital Number of Shares**
Ordinary Shares	367,825,477
Treasury Shares	Nil
Ordinary Shares (excluding Treasury Shares)	367,825,477

BORROWINGS

7. (a) Save as disclosed in this Second Supplemental Information Memorandum, the Issuer had as at 31 December 2014 no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

   (b) Save as disclosed in this Second Supplemental Information Memorandum, each of the Guarantors had as at 31 December 2014 no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

8. The Directors of the Issuer are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Securities, the Issuer will have adequate working capital for its present requirements.

CHANGES IN ACCOUNTING POLICIES

9. There has been no significant change in the accounting policies of the Group since its audited financial accounts for the year ended 31 December 2014.

LITIGATION

10. There are no legal or arbitration proceedings pending or threatened against the Issuer, any of the Guarantors or any of their respective subsidiaries the outcome of which may have or have had during the 12 months prior to the date of this Second Supplemental Information Memorandum a material adverse effect on the financial position of the Group.

MATERIAL ADVERSE CHANGE

11. There has been no material adverse change in the financial condition, results of operations or business of the Issuer, any of the Guarantors or the Group since 31 December 2014.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

12. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

APPENDIX II

AUDITED FINANCIAL STATEMENTS OF G8 EDUCATION LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The information in this Appendix II has been extracted and reproduced from the annual audited financial statements of the Issuer and its subsidiaries for the financial year ended 31 December 2014 and has not been specifically prepared for inclusion in this Second Supplemental Information Memorandum and references to the page numbers herein are to those as reproduced from the annual report for the financial year ended 31 December 2014.

Consolidated Income Statement

For the year ended 31 December 2014

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000
Revenue			
Revenue from conti uing operatio s	5	482,110	274,615
Other income	6	9,178	550
Total Revenue		**491,288**	**275,165**
Expenses			
Employee bene ts		(269,993)	(159,586)
Occupancy		(56,086)	(33,323)
Direct costs of providing services		(40,147)	(22,191)
Amorti a on	7	(1,650)	(381)
Deprecia on	7	(5,076)	(3,129)
Insurance		(1,074)	(698)
Other expenses		(10,061)	(6,468)
Finance costs	7	(34,640)	(4,790)
Total expenses		**(418,727)**	**(230,566)**
Pro t before income tax		72,561	44,599
Income tax expense	8	(19,830)	(13,527)
Pro t for the year attr butable to members of the parent entit		**52,731**	**31,072**
		Cents	**Cents**
Basic earnings per share		16.15	11.28
Diluted earnings per share		16.15	11.28

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000
Pro t for the year		**52,731**	**31,072**
Other comprehensive income			
Items that are or may be reclassi ed to pro t or loss			
Exchange diffe ences on transla on of foreign operati ns	21	1,225	3,215
Effec ve porti n of changes in fair value of cash ow hedges	21	-	58
Reclassi ca on of eff c ve por on of changes in hedge fair value from comprehensive income to the consolidated income statement	21	171	-
Total other comprehensive income		**1,396**	**3,273**
Total comprehensive income for the year		**54,127**	**34,345**

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

Consolidated Balance Sheet

For the year ended 31 December 2014

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	120,804	114,043
Trade and other receivables	10	14,164	9,613
Other current assets	11	13,642	4,424
Total current assets		**148,610**	**128,080**
Non-current assets			
Receivables	23	-	1,640
Property plant and equipment	12	29,575	18,069
Deferred tax assets	13	15,448	7,320
Goodwill	14	809,162	326,857
Total non-current assets		**854,185**	**353,886**
Total assets		**1,002,795**	**481,966**
LIABILITIES			
Current liabiliti s			
Trade and other payables	15	75,567	39,825
Borrowings	16	-	3,778
Employee en tlements	17	18,110	11,214
Deriva ve nancial instruments	18	230	283
Current tax liabili es		9,655	8,910
Total current liabiliti s		**103,562**	**64,010**
Non-current liabiliti s			
Borrowings	16	352,944	110,436
Other payables		652	760
Provisions	19	3,628	1,974
Total non-current liabiliti s		**357,224**	**113,170**
Total liabiliti s		**460,786**	**177,180**
Net assets		**542,009**	**304,786**
EQUITY			
Contributed equity	20	548,374	302,001
Reserves	21	8,877	18,884
Retained earnings	21	(15,242)	(16,099)
Total equity		**542,009**	**304,786**

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

Consolidated	Notes	Contributed Equity $'000	Cash Flow Hedge Reserve $'000	Foreign Currency Reserve $'000	Share Based Payments Reserve $'000	Pro ts Reserve $'000	Retained Earnings $'000	Total $'000
Balance 1 January 2013		**180,160**	**(229)**	**72**	**59**	**8,146**	**(5,900)**	**182,308**
Pro t for the year		-	-	-	-	-	31,072	31,072
Other comprehensive income		-	58	3,215	-	-	-	3,273
Total comprehensive income for the year		**-**	**58**	**3,215**	**-**	**-**	**31,072**	**34,345**
Transactio s with owners in their capacity as owners								
Contribu ons of equity, net of transac on cost	20	121,587	-	-	-	-	-	121,587
Transfer of pro ts reserve	21	-	-	-	-	41,271	(41,271)	-
Dividends provided for or paid	22	-	-	-	-	(33,649)	-	(33,649)
Employee share op ons expense	21	-	-	-	(59)	-	-	(59)
Employee share op ons exercised	20	254	-	-	-	-	-	254
		121,841	**-**	**-**	**(59)**	**7,622**	**(41,271)**	**88,133**
Balance 31 December 2013		**302,001**	**(171)**	**3,287**	**-**	**15,768**	**(16,099)**	**304,786**
Balance 1 January 2014		**302,001**	**(171)**	**3,287**	**-**	**15,768**	**(16,099)**	**304,786**
Pro t for the year		-	-	-	-	-	52,731	52,731
Other comprehensive income		-	171	1,225	-	-	-	1,396
Total comprehensive income for the year		-	**171**	**1,225**	-	-	**52,731**	**54,127**
Transactio s with owners in their capacity as owners								
Contribu ons of equity, net of transac on cost	20	246,373	-	-	-	-	-	246,373
Transfer of pro ts reserve	21	-	-	-	-	51,874	(51,874)	-
Dividends provided for or paid	22	-	-	-	-	(63,277)	-	(63,277)
		246,373	**-**	**-**	**-**	**(11,403)**	**(51,874)**	**183,096**
Balance 31 December 2014		**548,374**	**-**	**4,512**	**-**	**4,365**	**(15,242)**	**542,009**

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	Consolidated 2014 $'000	2013 $'000
Cash ows from Operati g Acti iti s			
Receipts from customers		494,744	274,595
Payments to suppliers and employees		(383,483)	(218,783)
Interest received		2,919	1,481
Interest paid		(14,240)	(2,039)
Income taxes paid		(25,224)	(12,219)
Net cash in ows from operatin acti iti s	33	**74,716**	**43,035**
Cash ows from Investin Acti iti s			
Payments for purchase of businesses (net of cash acquired)		(447,751)	(98,536)
Repayment of loans		1,642	277
Proceeds from sale of property, plant and equipment		-	557
Payments for property plant and equipment		(16,508)	(10,500)
Net cash ou lows from investi g acti iti s		**(462,617)**	**(108,202)**
Cash ows from Financing Acti iti s			
Share issue costs		(7,249)	(4,440)
Debt issue costs		(7,845)	(1,495)
Dividends paid		(33,273)	(19,232)
Proceeds from issue of corporate notes		272,963	70,000
Proceeds from issue of shares		216,499	115,854
Repayment of borrowings		(46,579)	(3,514)
Net cash in ows from nancing acti iti s		**394,516**	**157,173**
Net increase in cash and cash equivalents		**6,615**	**92,006**
Cash and cash equivalents at the beginning of the nancial year		114,029	21,777
Effect of exchange rate changes on cash		(465)	246
Cash and cash equivalents at the end of the nancial year	9	**120,179**	**114,029**

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

Index to Notes to the Financial Statements

Note 1: Summary of significant accounting policies

The principal accounting policies adopted in the preparati n of the consolidated fi ancial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated nancial statements are for the consolidated entit consisting of G8 Educatio Limited and its subsidiaries.

(a) Basis of preparation

These general purpose fi ancial statements have been prepared in accordance with Australian Accounting Standards (AASB), Australian Accounting Interpretatio s, other authoritati e pronouncements of the Australian Accounting Standards Board and the Corporatio s Act 2001.

The Company is a listed for profi public Company, incorporated in Australia and operating in Australia and Singapore. The Company's principal acti iti s are operating child care centres and ownership of franchised child care centres.

The fi ancial statements were authorised for issue on 16 February 2015.

Compliance with IFRS

Compliance with AASB ensures that the fi ancial report of G8 Educatio Limited and the Group complies with Internati nal Financial Reporting Standards (IFRS).

Historical cost convention

These fi ancial statements have been prepared under the historical cost conventio as modifi d, where applicable, by the measurement at fair value of selected non current assets, fi ancial assets and liabili es (including derivati e instruments).

(b) Principles of consolidation

Subsidiaries

The consolidated fi ancial statements incorporate the assets and liabili es of all subsidiaries of G8 Educatio Limited ("Company" or "parent entit ") as at 31 December 2014 and the results of all subsidiaries for the year then ended.

G8 Educatio Limited and its subsidiaries together are referred to in this fi ancial report as the Group or the consolidated entit .

Subsidiaries are enti es controlled by the Group. The Group controls an entit when it is exposed to, or has rights to, variable returns from its involvement with the entit and has the ability to e ect those returns through its power over the entit .

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisi on method of accounting is used to account for the acquisi on of subsidiaries by the Group (refer to note 1(h).

Inter-Company transactio s, balances and unrealised gains on transactio s between Group companies are eliminated. Unrealised losses are also eliminated unless the transactio provides evidence of the impairment of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Seasonality

The child care industry has a distinc seasonal pa ern.

In January and February pre school children transi on out of day care into the primary schooling system.

Enrolments subsequently trend lower in this period before commencing a steady increase over the balance of the year peaking in October and November.

As a consequence revenue and profi pa erns are weighted towards the second half of the year.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the fi ancial statements of each of the Group's en ti s are measured using the currency of the primary economic environment in which the entit operates ('the func onal currency'). The consolidated fi ancial statements are presented in Australian dollars, which is G8 Educatio Limited's func onal and presentatio currency.

(ii) Transactions and balances

Foreign currency transactio s are translated into the func onal currency using the exchange rates prevailing at the dates of the transacti ns. Foreign exchange gains and losses resul ng from the se lement of such transactio s and from the translatio at year end exchange rates of monetary assets and liabiliti s denominated in foreign currencies are recognised in the income statement except when they are deferred in equity as qualifying cash fl w hedges and qualifying net investment in a foreign operatio .

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within fi ance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency and are translated using the exchange rates at the date when the fair value was determined. Translatio di erences on assets and liabiliti s carried at fair value are reported as part of the fair value gain or loss.

(iii) Group companies

The results and fi ancial posi on of foreign operatio s that have a func onal currency di erent from the presentatio currency are translated into the presentatio currency as follows:

1. assets and liabiliti s for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

2. income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximatio of the cumula ve e ect of the rates prevailing on the transactio dates, in which case income and expenses are translated at the dates of the transactio s); and

3. all resul ng exchange di erences are recognised in other comprehensive income.

On consolidatio , exchange di erences arising from the translatio of any net investment in foreign enti es and of borrowings and other fi ancial instruments designated as hedges of such investments, are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisi on of a foreign operatio are treated as assets and liabiliti s of the foreign operatio and are translated at the closing rate.

(e) Revenue recognition

Revenue is measured at the fair value of the consideratio received or receivable. Amounts disclosed as revenue are net of discounts, refunds, rebates and amounts collected on behalf of third parti s.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefi s will fl w to the entit and speci c criteria have been met for each of the Group's acti iti s as described below. Revenue is recognised for the major business ac viti s as follows:

(i) Child care fees

Fees paid by families and/or the Australian Government (Child Care Benefi and Child Care Tax Rebate) are recognised as and when a child a ends a child care service.

(ii) Royalty Income

Royalty fees paid by franchisees are recognised in accordance with the franchise agreement and once the operatio al support service has been performed.

(iii) Government Funding/Grants

Training incen ves and additio al funding receipts are recognised when there is reasonable assurance that the incenti e/receipt will be received and when the relevant condi ons have been met.

(iv) Deferred income

Revenue received in advance from parents and the Government, is recognised as deferred income and classifi d as a current liability. This amount is recorded as income when the service has been provided.

(v) Interest income

Interest income is recognised using the e ec ve interest method.

(f) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notio al income tax rate for each jurisdic on adjusted by changes in deferred tax assets and liabiliti s a ributable to temporary di erences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substanti ely enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates posi ons taken in tax returns with respect to situati ns in which applicable tax regulatio is subject to interpretatio . It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authori es.

Deferred income tax is provided in full, using the liability method, on temporary di erences arising between the tax bases of assets and liabiliti s and their carrying amounts in the consolidated fi ancial statements.

However, the deferred income tax is not accounted for if it arises from ini al recogni on of an asset or liability in a transactio other than a business combinati n that at the ti e of the transactio aff cts neither accountin nor taxable profi or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is se led.

Deferred tax assets are recognised for deduc ble temporary di erences and unused tax losses only if it is probable that future taxable amounts will be available to uti ise those temporary di erences and losses.

G8 Educatio and its wholly-owned Australian controlled enti es have implemented the tax consolidatio legislatio . As a consequence, these enti es are taxed as a single entit and the deferred tax assets and liabiliti s of these enti es are set o in the consolidated fi ancial statements.

Current and deferred tax is recognised in profi and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respecti ely.

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classi ed as fi ance leases. Finance leases are capitalised at the lease's inceptio at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obliga ons, net of fi ance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and fi ance cost. The fi ance cost is charged to the income statement over the lease year so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year. The property, plant and equipment acquired under fi ance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a signific nt portio of the risks and rewards of ownership are not transferred to the Group as lessee are classifi d as operating leases. Payments made under operating leases (net of any incenti es received from the lessor) are charged to the income statement on a straight-line basis over the year of the lease.

(h) Business combinations

The acquisi on method of accounting is used to account for all business combinatio s. Cost is measured as the fair value of the assets given, equity instruments issued or liabiliti s incurred or assumed at the date of exchange plus costs directly a ributable to the acquisi on. Where equity instruments are issued in an acquisi on, the fair value of the instruments is their published market price as at the date of exchange.

Identifi le assets acquired and liabiliti s and contin ent liabiliti s assumed in a business combinati n are measured ini ally at their fair values at the acquisi on date, irrespec ve of the extent of any non-controlling interest. The excess of the cost of acquisi on over the fair value of the Group's share of the identifi le net assets acquired is recorded as goodwill.

Where se lement of any part of cash consideratio is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entit 's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent fi ancier under comparable terms and condi ons.

Contingen consideratio is classi ed either as equity or a fi ancial liability. Amounts classifi d as a fi ancial liability are subsequently remeasured to fair value with changes in fair value recognised in the Income Statement.

(i) Impairment of assets

Goodwill and intangible assets that have an indefi ite useful life are not subject to amor sati n and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value in use is calculated based on the discounted cash fl ws of the child care centres over the lease period including a terminal value calculatio , which is assessed on a segment level.

(j) Cash and cash equivalents

For statement of cash fl ws presentatio purposes, cash and cash equivalents includes cash on hand, deposits held at call with fi ancial instit tio s, other short-term, highly liquid investments with original maturi es of three months or less that are readily convertible to known amounts of cash and which are subject to an insignific nt risk of changes in value.

(k) Trade receivables

Trade receivables are recognised ini ally at fair value and subsequently measured at amorti ed cost using the e ec ve interest method, less provision for impairment.

Trade receivables represent child care fees receivable from families and/or the Australian Government.

Under the Child Care Management System (CCMS), implemented in July 2008, Child Care Benefi is generally paid weekly in arrears by the Australian Government based on the actual a endance and entitl ment of each child a ending the child care centre.

Parent fees are required to be paid one week in advance.

Therefore, the parent fees receivable relate to amounts past due.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are wri en o . A provision for impairment of trade receivables is established when there is objecti e evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significa t fi ancial diffi l es of the debtor, probability that the debtor will enter bankruptcy or fi ancial reorganisatio , and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the di erence between the asset's carrying amount and the present value of es mated future cash fl ws, discounted at the original e ec ve interest rate. Cash fl ws relati g to short-term receivables are not discounted if the e ect of discounting is immaterial. The amount of the provision is recognised in the income statement in other expenses.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statements of comprehensive income within other expenses. When a trade receivable is uncollectable, it is wri en o against the allowance for trade receivables. Subsequent recoveries of amounts previously wri en o are credited against other expenses in the income statement.

(l) Non-current assets (or disposal Groups) held for sale

Non-current assets (or disposal Groups) are classifi d as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transactio rather than through contin ing use. An impairment loss is recognised for any ini al or subsequent write down of the asset (or disposal Group) to fair value less costs to sell.

Non-current assets (including those that are part of a disposal Group) are not depreciated or amor sed while they are classi ed as held for sale. Interest and other expenses a ributable to the liabiliti s of a disposal Group classi ed as held for sale contin e to be recognised.

Non-current assets classifi d as held for sale and the assets of a disposal Group classi ed as held for sale are presented separately from the other assets in the balance sheet. The liabiliti s of a disposal Group classifi d as held for sale are presented separately from other liabiliti s in the balance sheet.

(m) Investments and other financial assets

Classification

The Group classifi s its fi ancial assets in the following categories: loans and receivables and held-to-maturity investments.

The classific tio depends on the purpose for which the investments were acquired and their characteristi s.

Management determines the classificati of its investments at ini al recogni on and, in the case of assets classi ed as held-to-maturity, re-evaluates this designatio at each reporting date.

Loans and receivables

Loans and receivables are non-derivati e fi ancial assets with fixed or determinable payments that are not quoted in an acti e market. They are included in current assets, except for those with se lements greater than 12 months a er the reporting period which are classi ed as non-current assets. Loans and receivables are included in trade and other receivables (note 10) in the balance sheet.

Recognition and de-recognition

Regular purchases and sales of fi ancial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash fl ws from the fi ancial assets have expired or have been transferred and the Group has transferred substantia ly all the risks and rewards of ownership.

Measurement

At ini al recogni on, the Group measures a fi ancial asset at its fair value plus, in the case of a fi ancial asset not at fair value through profi or loss, transactio costs that are directly a ributable to the acquisi on of the fi ancial asset. Transactio costs of fi ancial assets carried at fair value through the profi or loss are expensed in the profi or loss.

Loans and receivables and held-to-maturity investments are carried at amor sed cost using the e ec ve interest method.

(n) Derivatives and hedging activities

Deriva ves are ini ally recognised at fair value on the date a deriva ve contract is entered into and subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depend on whether the deriva ve is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivati es as either:

(i) Hedges of a parti ular risk associated with the cash fl ws of recognised assets and liabiliti s and highly probable forecast transac ons (cash fl w hedge); or

(ii) Hedges of a net investment in a foreign operatio (net investment hedge).

The Group documents at the inceptio of the hedging transactio the relatio ship between hedging instruments and hedged items, as well as its risk management objec ve and strategy for undertaking various hedge transactio s. The Group also documents its assessment, both at hedge inceptio and on an ongoing basis, of whether the deriva ves that are used in hedging transactio s have been and will contin e to be highly e ecti e in o se ng changes in fair values or cash ows of hedged items.

The fair values of deriva ve fi ancial instruments used for hedging purposes are disclosed in note 18. Movements in the hedging reserve in shareholders' equity are shown in note 21. The full fair value of a hedging deriva ve is classi ed as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classifi d as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(i) Cash flow hedge

The e ec ve portio of changes in the fair value of deriva ves that are designated and qualify as cash fl w hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relati g to the ine ecti e portio is recognised immediately in profi or loss within other income or other expense.

Amounts accumulated in equity are reclassifi d to profi or loss in the periods when the hedged item a ects profi or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relati g to the e ec ve portio of interest rate swaps hedging variable rate borrowings is recognised in profi or loss within 'fi ance costs'.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting any cumulati e gain or loss existing in equity at that ti e remains in equity and is recognised when the forecast transactio is ul mately recognised in profi or loss. When a forecast transactio is no longer expected to occur, the cumulati e gain or loss that was reported in equity is immediately reclassi ed to profi or loss.

(o) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciatio . Historical cost includes expenditure that is directly a ributable to the acquisi on of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable the future economic benefi s associated with the item will fl w to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Income Statement during the reportin year in which they are incurred.

Depreciatio for vehicles is calculated using the diminishing value method and on other assets calculated using the straight-line method to allocate their cost net of their residual values, over their es mated lives, as follows:

- Buildings: 40 years
- Vehicles: 3 - 12 years
- Furniture, gs and equipment: 2 - 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reportin period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Income Statement.

(p) Trade and other payables

These amounts represent liabiliti s for goods and services provided to the Group prior to the end of the year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognitio . Trade and other payables are presented as current liabili es unless payment is not due within 12 months from the reportin date.

(q) Borrowings and borrowing costs

Borrowings are ini ally recognised at fair value, net of transactio cost incurred. Borrowings are subsequently measured at amor sed cost. Any di erence between the proceeds (net of transac on costs) and the redemptio amount is recognised in the income statement over the year of the borrowings using the e ec ve interest method.

Fees paid on the establishment of loan facili es, which are not an incremental cost relati g to the actual draw-down of the facility, are capitalised to the loan and amor sed on a straight-line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligati n specifi d in the contract is discharged, cancelled or expired. The di erence between the carrying amount of a fi ancial liability that has been exti guished or transferred to another party and the consideratio paid, including any non-cash assets transferred or liabiliti s assumed, is recognised in profi or loss as other income or fi ance costs.

Borrowings are classi ed as current liabiliti s unless the Group has an uncondi onal right to defer se lement of the liability for at least 12 months aft r the balance date.

(r) Employee benefits

(i) Short term obligations

Liabiliti s for wages and salaries, including non-monetary benefi s and annual leave expected to be se led wholly within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabiliti s are se led. The liability for annual leave is recognised in the provision for employee benefi s. All other short-term employee benefi obligati ns are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave is recognised in the provision for employee benefi s and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideratio is given to expected future wage and salary levels, experience of employee departures and years of service. Expected future payments are discounted using market yields at the reporting date on nati nal government bonds with terms to maturity and currency that match, as closely as possible, the es mated future cash ou lows.

(iii) Share-based payments

Share-based compensatio benefi s are provided to Key Management Personnel. Informatio relati g to this is set out in note 23.

The Company may issue loans to Key Management Personnel to acquire shares in the Company as part of the remuneratio and retentio planning of Key Management Personnel. If the market value of the shares on issue date is higher than the value of the shares prescribed in the loan agreement then the di erence is expensed to the income statement and corresponding increase in equity.

(iv) Termination benefits

Terminatio benefi s are payable when employment is terminated by the Group before the normal retir ment date, or when an employee accepts voluntary redundancy in exchange for these benefi s.

The Group recognises terminati n benefi s at the earlier of the following dates:

(a) when the Group can no longer withdraw the o er of those benefi s; and

(b) when the entit recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminati ns benefi s. In the case of an o er made to encourage voluntary redundancy, the terminatio benefi s are measured based on the number of employees expected to accept the o er. Benefi s falling due more than 12 months a er the end of the reporting period are discounted to present value.

(s) Contributed equity

Ordinary shares are classifi d as equity.

Incremental costs directly a ributable to the issue of new shares or optio s are shown in equity as a deduc on, net of tax, from the proceeds.

(t) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretio of the enti y, on or before the end of the nancial year but not distributed at reporting date.

(u) Earnings Per Share

(i) Basic Earnings Per Share

Basic Earnings Per Share is calculated by dividing:

- the profi a ributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the fi ancial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted Earnings Per Share

Diluted Earnings Per Share adjusts the gures used in the determinatio of Basic Earnings Per Share to take into account:

- the after income tax e ect of interest and other fi ancing costs associated with diluti e potentia ordinary shares; and
- the weighted average number of addi onal ordinary shares that would have been outstanding assuming the conversion of all diluti e potential ordinary shares.

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxati n authority. In this case it is recognised as part of the cost of acquisi on of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxatio authority is included with other receivables or payables in the balance sheet.

Cash fl ws are presented on a gross basis. The GST components of cash fl ws arising from investing or fi ancing acti i es which are recoverable from, or payable to the taxatio authority, are presented as operating cash ows.

(w) Rounding Amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securi es and Investments Commission, relati g to the “rounding o ” of amounts in the fi ancial statements. Amounts in the fi ancial statements have been rounded o in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(x) New accounting standards and interpretations for application in future periods

Financial Instruments

PRONOUNCEMENTS

AASB 9 Financial Instruments.

AASB 2010-7 Amendments to Australian Accountin Standards arising from AASB 9 (December 2009).

AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory E ec ve Date of AASB 9 and Transitio al Disclosures.

AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.

AASB 2014-1 Amendments to Australian Accounting Standards.

NATURE OF THE CHANGE IN ACCOUNTING POLICY

Significa t revisions to the classi catio and measurement of fi ancial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value.

The amorti ed cost model is available for debt assets meeting both *business model* and *cash fl w characteristics* tests. All investments in equity instruments using AASB 9 are to be measured at fair value.

Amends measurement rules for fi ancial liabiliti s that the entit elects to measure at fair value through profi and loss. Changes in fair value a ributable to changes in the entit 's own credit risk are presented in other comprehensive income.

AASB 2013 - 9 adds chapter 6 Hedge Accounting to AASB 9 which supersedes the general hedge accounting requirements in AASB 139 Financial Instruments: Recognitio and Measurement, which many consider to be too rules-based and arbitrary. Chapter 6 requirements include a new approach to hedge accounting that is intended to more closely align hedge accounting with risk management ac vi es undertaken by enti es when hedging fi ancial and non-fi ancial risks.

Some of the key changes from AASB 139 are as follows:

- to allow hedge accounting of risk components of non-fi ancial items that are identi ble and measurable (many of which were prohibited from being designated as hedged items under AASB 139);
- changes in the accounting for the ti e value of optio s, the forward element of a forward contract and foreign-currency basis spreads designated as hedging instruments; and
- modificati of the requirements for e ecti eness testing (including removal of the 'bright-line' e ec veness test that o set for hedging must be in the range 80-125%).

Revised disclosures about an entit 's hedge accountin have also been added to AASB 7 Financial Instruments: Disclosures.

AASB 2013 – 9 also permits an entit to elect to apply the own credit risk provisions without applying the other requirements in AASB 9 (2010). If an entit does so, it is required to disclose that fact and provide the disclosures in paragraphs 10-11 of AASB 7 concerning fi ancial liabiliti s designated at fair value.

AASB 2014-1 defers the e ecti e date to 1 January 2018 and contains consequential amendments to a number of standards as a consequence of the introduc on of Chapter 6 Hedge Accounting to AASB 9.

EFFECTIVE DATE

Annual reporting periods beginning on or a er 1 January 2018.

EXPECTED IMPACT ON THE FINANCIAL STATEMENTS	The available-for-sale investments held will be classified as fair value through OCI and will no longer be subject to impairment testing. The impairment loss recognised in the current year financial statements in relation to these statements was nil. Hedge accounting is likely to be applied to more of the entity's transactions in future transactions – the impact on the reported financial position and performance is dependent on the volume and value of future derivatives. Other impacts on the reported financial position and performance have not yet been determined.
PRONOUNCEMENTS	AASB 2013 – 4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting.
NATURE OF THE CHANGE IN ACCOUNTING POLICY	This Standard amends AASB 139 to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.
EFFECTIVE DATE	Annual reporting periods beginning on or after 1 January 2014.
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS	If an entity has been hedge accounting and a novation is in place as a consequence of a law or regulations then the entity should disclose the impact of this standard.

Annual Improvements Project

PRONOUNCEMENT	AASB 2014-1 Amendments to Australian Accounting Standards (2010 – 2012 cycle)
NATURE OF THE CHANGE IN ACCOUNTING POLICY	The following standards and changes are made under AASB 2014-1: • AASB 2 *Share-based Payments* – amendments to definitions. • AASB 3 *Business Combinations* – clarification that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date. • AASB 8 *Operating Segments* – amendments to disclosures. • AASB 3 *Business Combinations* – references to contingent consideration. • AASB 13 *Fair value measurement* – minor clarification re: measurement of short-term receivables and payables. • AASB 116 *Property, plant and equipment* – clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount. • AASB 124 *Related Party Disclosures* – clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. • AASB 138 *Intangible Assets* – clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
EFFECTIVE DATE	Annual reporting periods beginning on or after 1 July 2014.
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS	There are not expected to be any changes to reported financial position or performance arising from the adoption of part A of AASB 2014-1.

PRONOUNCEMENT	IFRS 15 Revenue from contracts with customers.
NATURE OF THE CHANGE IN ACCOUNTING POLICY	IFRS 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.
EFFECTIVE DATE	Annual reporting periods beginning on or after 1 January 2017.
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS	The changes in revenue recognition requirements in IFRS 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of IFRS 15 has not yet been quantified.

PRONOUNCEMENT	IFRS 9 *Financial Instruments.*
NATURE OF THE CHANGE IN ACCOUNTING POLICY	Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both *business model* and *cash flow characteristics* tests. All investments in equity instruments using IFRS 9 are to be measured at fair value. Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income. Chapter 6 Hedge Accounting supersedes the general hedge accounting requirements in IAS 39 Financial Instruments: Recognition and Measurement, which many consider to be too rules-based and arbitrary. Chapter 6 requirements include a new approach to hedge accounting that is intended to more closely align hedge accounting with risk management activities undertaken by entities when hedging financial and non-financial risks. Some of the key changes from IAS 39 are as follows: • to allow hedge accounting of risk components of non-financial items that are identifiable and measurable (many of which were prohibited from being designated as hedged items under IAS 39); • changes in the accounting for the time value of options, the forward element of a forward contract and foreign-currency basis spreads designated as hedging instruments; and • modification of the requirements for effectiveness testing (including removal of the 'bright-line' effectiveness test that offset for hedging must be in the range 80-125%). Revised disclosures about an entity's hedge accounting have also been added to IFRS 7 Financial Instruments: Disclosures. Impairment of assets is now based on expected losses in IFRS 9 which requires entities to measure: • the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or • full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument.
EFFECTIVE DATE	Annual reporting periods beginning on or after 1 January 2018.
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS	Given the late release of this standard (July 2014), the Company has not yet assessed the impact, if any on the financial position and performance of the Group.

Note 2: Financial Risk Management

The Group’s acti i es expose it to a variety of fi ancial risks: interest rate risk, credit risk, foreign exchange risk and liquidity risk.

The Group’s overall risk management program focuses on the unpredictability of nancial markets and seeks to minimise potential adverse e ects on the fi ancial performance of the Group. The Group uses deriva ve fi ancial instruments to hedge certain risk exposures.

Deriva ves are exclusively used for hedging purposes, ie not as trading or other speculati e instruments. The Group uses di erent methods to measure di erent types of risk to which it is exposed. These methods include sensi vity analysis in the case of interest rate, and other risks, and ageing analysis for credit risk.

The risk management of the Group is conducted in a manner consistent with policies approved by the Board. The Board provides principles for overall risk management, as well as policies covering specific areas, such as, interest rate risk, credit risk and investment of excess liquidity.

The Group holds the following fi ancial instruments:

	Financial assets at amor sed cost $’000	Total $'000
2014		
Financial Assets		
Cash and cash equivalents	120,804	120,804
Trade and other receivables	13,784	13,784
	134,588	**134,588**
2013		
Financial Assets		
Cash and cash equivalents	114,043	114,043
Trade and other receivables	9,071	9,071
Non-current receivables	1,640	1,640
	124,754	**124,754**

	Deriva ves used for Hedging $’000	Liabili es at amor sed cost $'000	Total $'000
2014			
Financial Liabili es			
Trade and other payables	-	63,496	**63,496**
Borrowings	-	352,944	**352,944**
Deriva ve nancial instruments	230	-	**230**
	230	**416,440**	**416,670**
2013			
Financial Liabili es			
Trade and other payables	-	34,709	**34,709**
Borrowings	-	114,214	**114,214**
Deriva ve nancial instruments	283	-	**283**
	283	**148,923**	**149,206**

(a) Foreign exchange risk

The Group has operatio s and borrowings in Singapore and is exposed to foreign exchange risk associated with the Singapore dollar.

Foreign exchange risk arises from future commercial transactio s and from recognised assets and liabili es denominated in a currency that is not the entit ’s func onal currency.

The foreign exchange risk associated with the Singapore operatio s is managed through a natural hedge as the cash fl ws from operatio s are denominated in Singapore dollars. The Singapore dollar denominated corporate notes are expected to be refi anced with new Singapore dollar corporate notes and the Company’s analysis supports the positi n that over ti e the cost of the Australian dollars movement against the Singapore dollar will be acceptable. The foreign currency exposure of these corporate notes has therefore not been hedged.

The Group’s exposure to foreign currency risk at the end of the reporting period, expressed in Singapore dollars, was as follows:

	2014 SGD $'000	2013 SGD $'000
Cash and cash equivalents	3,579	2,811
Trade receivables	253	370
Borrowings	(254,773)	-
Trade payables	(149)	(284)
Total	**(251,090)**	**2,897**

The exchange rate at 31 December 2014 from SGD to AUD was 0.9261

Amounts recognised in profit or loss and other comprehensive income.

During the year, the following foreign-exchange related amounts were recognised in profi or loss and other comprehensive income:

Amounts recognised in profi or loss	2014 $'000	2013 $'000
Exchange losses on foreign currency borrowings included in nance costs	18,619	-

Net gains recognised in other comprehensive income	2014 $'000	2013 $'000
Translatio of foreign opera ons	1,225	3,215

Sensitivity

As shown in the table above, the Group's only foreign exchange risk relates to changes in SGD/AUD exchange rates.

The sensiti ity of profi or loss to changes in the exchange rates arises mainly from SGD-dollar denominated borrowings.

The Group also has operatio s in Singapore which are treated as a net investment in a foreign operatio .

As a result any exchange di erences shall be recognised ini ally in other comprehensive income and reclassi ed from equity to profi or loss on disposal of the net investment.

Profi is more sensiti e to movements in the AUD dollar/SGD dollar exchange rates in 2014 than 2013 because of the increase in SGD dollar denominated borrowings.

	Impact on post tax profi		Impact on Other components of equity	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
SGD/AUD exchange rate - increase 5%	8,427	-	32	156
SGD/AUD exchange rate - decrease 5%	8,427	-	32	156

(b) Interest Rate Risk

Cash flow and fair value interest rate risk

The Group’s main interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash fl w interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk if the borrowings are carried at fair value. Group policy is to maintain between 50% - 80% of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. During 2014 and 2013, the Group’s borrowings at variable rates were denominated in Australian dollars only.

The Group’s fixed rate borrowings and receivables are carried at amorti ed cost. They are therefore not subject to interest rate risk as defi ed in AASB 7, since neither the carrying amount nor the future cash fl ws will uctuate because of a change in market interest rates. The corporate notes denominated in Singapore dollars are all fixe rate notes.

The Group manages its cash ow interest rate risk by using fl ati g-to-fixed interest rate swaps. Under these swaps, the group agrees with other parti s to exchange, at speci ed intervals (mainly quarterly), the di erence between fixed contract rates and oati g rate interest amounts calculated by reference to the agreed notio al principal amounts.

Instruments used by the Group

Swaps currently in place cover approximately 60% (2013 – 30%) of the variable loan principal outstanding. The fixe interest rates range between 4.75% and 7.65% per annum (2013 – 7.65% per annum) and the variable rates are 3.90% per annum above the 90 day bank bill rate which at the end of the reportin period was 2.82% per annum (2013 – 2.69% per annum).

As at the reporting date, the Group had the following variable rate borrowings and interest rate swap contracts outstanding:

	31 December 2014			31 December 2013		
	Weighted avg interest rate %	Balance $'000	% of Total loans	Weighted avg interest rate %	Balance $'000	% of Total loans
Corporate Note	6.58	50,000	14	-	-	-
Bank Loan	-	-	-	5.43	46,420	40
Interest rate swaps (notio al principal amount)	5.70	(30,000)		5.70	(30,000)	
Net exposure to cash ow interest rate risk		**20,000**	6		**16,420**	**14**

An analysis by maturi es is provided in note 2 (d) following.

Amounts recognised in profit or loss and other comprehensive income

During the year, the following gains/(losses) were recognised in profi or loss and other comprehensive income in relatio to interest rate swaps.

Amounts recognised in profi or loss	2014 $'000	2013 $'000
(Loss)/gain recognised in other comprehensive income	-	58
(Gains)/loss reclassi ed from other comprehensive income - to profi and loss	171	-

Group sensitivity

At 31 December 2014, if interest rates had changed by -0.75%/+ 0.25% absolute from the year end rates with all other variables held constant, post-tax profi for the year would have been $201,317 higher or $240,262 lower respec vely (net profi for 2013: $94,091 higher or $31,364 lower respec vely). Other components of equity would not have changed due to the Interest rate swap being ine ec ve (2013: $127,536 higher or $355,336 lower).

(c) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, favourable derivati e fi ancial instruments and deposits with banks and fi ancial instit tio s, as well as credit exposures to trade and other debtors. For banks and nancial instit tio s, only independently rated parti s with a minimum ra ng of 'A' are accepted.

The maximum exposure to credit risk at the repor ng date is the carrying amount of the nancial assets as summarised below.

Trade debtor credit risk is managed by requiring child care fees to be paid in advance. Outstanding debtor balances are reviewed weekly and followed up in accordance with the Group's debt collec on policy. Credit risk is also minimised by federal government funding in the form of child care benefi s, as they are considered to be a high quality debtor.

	Consolidated	
	2014 $'000	2013 $'000
Trade receivables		
Counterpar es with external credit ra ng		
AAA	7,031	4,235
Counterpar es without external credit ra ng		
Receivables (current and non-current)	7,133	4,836
Total receivables	**14,164**	**9,071**
Cash at bank and short term deposits		
Counterparti s with external credit rating - AA	120,804	114,043

Analysis of the ageing of receivables is performed in note 10.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining suffi ent cash and marketable securiti s and the availability of funding through an adequate amount of commi ed credit facili es. The Group manages liquidity risk by contin ously monitoring forecast and actual cash ows and matching the maturity profil s of nancial assets and liabili es.

Financing arrangements

Details of nancing arrangements are disclosed in note 16.

Maturities of financial liabilities

The table below analyses the Group's fi ancial liabiliti s into relevant maturity groupings based on the remaining term at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash fl ws. Balances due within 12 months equal their carrying balances as the impact of discounting is not signific nt. For interest rate swaps the cash fl ws have been es mated using forward interest rates applicable at the end of the reporting period.

Contractual maturi es of fi ancial liabili es	Consolidated 2014 $'000						
	0 to 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	>5 years	Total contractual cash ows	Carrying amount
Non Deriva ve							
Corporate note	10,334	10,618	22,120	436,635	-	479,707	360,786
Deferred centre acquisitio	5,501	1,311	3,041	191	482	10,526	10,432
Trade and other payables	63,496	-	-	-	-	63,496	63,496
Deriva ves							
Net se led (interest rate swaps)	-	-	230	-	-	230	230

Contractual maturi es of fi ancial liabili es	Consolidated 2013 $'000						
	0 to 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	>5 years	Total contractual cash ows	Carrying amount
Non Deriva ve							
Bank loan	2,516	2,580	44,108	-	-	49,204	46,420
Corporate note	2,749	2,749	5,498	16,495	74,625	102,116	70,000
Equipment loans	8	8	17	28	-	61	54
Deferred centre acquisitio	422	1,658	3,187	225	1,050	6,542	6,085
Trade and other payables	34,819	-	-	-	-	34,819	34,819
Deriva ves							
Net se led (interest rate swaps)	-	-	-	283	-	283	283

(e) Fair value measurements

The fair value of fi ancial assets and fi ancial liabiliti s must be esti ated for recogni on and measurement or for disclosure purposes.

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

a) quoted prices (unadjusted) in acti e markets for identi al assets or liabiliti s (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 presents the Group's assets and liabili es measured and recognised at fair value:

At 31 December 2014 $'000	Level 1	Level 2	Level 3	Total
Liabiliti s				
Deriva ves used for hedging	-	230	-	230

At 31 December 2013 $'000	Level 1	Level 2	Level 3	Total
Liabiliti s				
Deriva ves used for hedging	-	283	-	283

The fair value of fi ancial instruments that are not traded in an acti e market (for example, over-the-counter deriva ves) is determined using valuati n techniques. These valuati n techniques maximise the use of observable market data where it is available and rely as li le as possible on entit specific esti ates. If all signific nt inputs required to fair value an instrument are observable, the instrument is included in level 2.

Specific valuati n techniques used to value nancial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the esti ated future cash fl ws based on observable yield curves; and
- Other techniques, such as discounted cash fl w analysis, are used to determine fair value for the remaining fi ancial instruments.

Note 3: Critical Accounting Estimates and Judgements

Esti ates and judgements are contin ally evaluated and are based on historical experience and other factors, including expectatio s of future events that may have a fi ancial impact on the entit and that are believed to be reasonable under the circumstances.

The Group makes esti ates and assumptio s concerning the future. The resul ng es mates will, by defi i on, seldom equal the related actual results. The esti ates and assumptio s that have a signifi ant risk of causing a material adjustment to the carrying amounts of assets and liabiliti s within the next nancial year are discussed below.

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has su ered any impairment, in accordance with the accounting policy stated in note 1(i). The recoverable amounts of goodwill have been determined based on value-in-use calculatio s. These calculatio s require the use of assumptio s. Refer to note 14 for details of these assumptio s and the potentia impact of changes to these assumptio s.

(ii) Deferred contingent consideration on acquisition of businesses

The Group includes the fair value of deferred contingen consideratio as a liability for the acquisi on of a business where it expects the earn-out target to be met during the measurement period. This judgement is based on operatio al due diligence and knowledge of the business trading condi ons including locatio , occupancy and profi ability at the ti e of se lement. If the earn out target is not met then the amount not paid of the deferred contin ent considera on is taken to the income statement as a credit and the corresponding entry against the liability. The value of the deferred consideratio is reviewed at each reporting date.

Note 4: 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 of Directors has been identi d as the Chief Operating Decision Maker that makes strategic decisions.

The Board considers the business as one Group of centres and has therefore identi d one operating segment, being management of child care centres. The Board believes that whilst the Singapore operati ns do not constit te a separate operating segment, applying the quantita e thresholds to the results and assets of Singapore further supports that the Singapore operatio s are not material. The following informati n 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; and
- The total profi represents the segment profi and all balance sheet items relate to the single operating segment.

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

	Australia $'000	Singapore $'000	Total $'000
2014			
Revenue from external customers	479,435	11,853	491,288
Non-current assets	810,945	27,792	838,737
2013			
Revenue from external customers	264,496	10,669	275,165
Non-current assets	319,545	27,021	346,566

Note 5: Revenue

	Consolidated 2014 $'000	Consolidated 2013 $'000
From con nuing opera ons		
Sales revenue		
Revenue from child care centres	476,934	270,704
Other revenue		
Royalti s	2,290	1,872
Interest *	2,886	2,039
Total revenue from opera ons	**482,110**	**274,615**

*Includes interest earned from loans to Key Management Personnel as disclosed in note 23.

Note 6: Other Income

The deferred consideratio is not payable due to certain centres not achieving some, or all of the earn-out EBIT hurdle for the earn-out period. As a result, in accordance with AASB 3 Business Combinatio s, the earn-out amount not payable which was disclosed as a liability in deferred consideratio has been wri en back to the Consolidated Income Statement.

	Consolidated 2014 $'000	Consolidated 2013 $'000
Deferred consideratio not payable	9,178	550
	9,178	**550**

Note 7: Expenses

	Consolidated 2014 $'000	Consolidated 2013 $'000
Profit before income tax includes the following specifi expenses:		
Depreciatio	5,076	3,129
Finance Costs		
Interest and nance charges paid/payable	16,021	4,790
Foreign exchange loss	18,619	-
	34,640	4,790
Rental expenses relati g to operating leases		
Minimum lease payments	50,844	30,860
Amor sati n		
Facility fees	1,650	381
Bad & doub ul debts	421	423

Note 8: Income Tax Expense

	Consolidated	
	2014 $'000	2013 $'000
(a) Income tax expense		
Current tax	25,783	15,953
Deferred tax	(5,953)	(2,426)
Income tax expense	**19,830**	**13,527**
Income tax expense is a ributable to:		
Profi from contin ing opera ons	19,830	13,527
	19,830	**13,527**
Deferred income tax expense included in income tax expense comprises:		
Increase in deferred tax assets (refer note 13)	(5,952)	(2,443)
(b) Numerical reconcilia on of income tax expense to prima facie tax payable		
Profi from contin ing opera ons before income tax expense	72,561	44,599
Tax on operatio s at the Australian tax rate of 30% (2013:30%)	21,768	13,380
Tax eff ct of amounts which are not deduc ble (taxable) in calcula ng taxable income:		
Entertainment	85	66
Net gain on disposals	-	(82)
Deferred consideratio not payable	(2,753)	(165)
Business acquisi on costs	743	408
Share based payments	32	62
Other non-allowable items	67	238
Di erence in overseas tax rates	(112)	(380)
Income tax expense	**19,830**	**13,527**
Weighted average tax rate^	27%	30%
(c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting year and not recognised in net profi or loss but directly debited or credited to equity		
Net deferred tax – debited (credited) directly to equity	2,176	1,319
(d) Tax expense (income) rela ng to items of other comprehensive income		
Cash ow hedges	15	(13)

^ The weighted average tax rate is less than the Group's corporate tax rate of 30% due to the permanent di erence associated with the write back of deferred considerati n in other income.

Note 9: Current Assets - Cash and Cash Equivalents

	Consolidated	
	2014 $'000	2013 $'000
Cash at bank and in hand	35,179	20,279
Deposits at call*	85,625	93,764
	120,804	**114,043**

*The e ec ve average interest rate for the deposits at call was 3.46%. Included above is $625,133 used as security against the Company's bank guarantee facility (2013 - $13,840) as such this cash balance cannot currently be used for operating ac vi es.

(a) Reconciliation to cash at the end of the year

The above fig res are reconciled to cash at the end of the fi ancial year as shown in the statement of cash fl ws as follows:

	Consolidated	
	2014 $'000	2013 $'000
Balance as per note 9	120,804	114,043
Term deposits held as security against bank guarantees	(625)	(14)
Balance as per Statement of Cash Flows	**120,179**	**114,029**

Note 10: Current Assets - Trade and Other Receivables

(a) Impaired trade receivables

	Consolidated	
	2014 $'000	2013 $'000
Trade and other receivables		
Trade receivables	11,891	7,140
Allowance for impairment of receivables	(423)	(258)
	11,468	**6,882**
GST receivable	380	542
Other debtors	2,316	2,189
Total trade and other receivables	**14,164**	**9,613**

As at 31 December 2014 current trade receivables of the Group with a nominal value of $846,104 (2013 - $515,216) were assessed as impaired. The amount of the allowance for impairment was $423,052 (2013 - $257,608).

The ageing of these receivables is as follows:

	Consolidated	
	2014 $'000	2013 $'000
Up to 3 months	846	515

Movements in the allowance for impairment of receivables are as follows:

	Consolidated 2014 $'000	Consolidated 2013 $'000
Opening balance	258	148
Allowance for impairment recognised during the year	403	428
Receivables wri en o during the year as uncollectable	(238)	(318)
Closing balance	**423**	**258**

The creati n and release of the provision for impaired receivables has been included in 'other expenses' in the income statement. Amounts charged to the allowance account are generally wri en o when there is no expectatio of recovering the cash.

(b) Past due but not impaired

As at 31 December 2014, trade receivables of $5,239,113 (2013 - $3,444,804) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default and for which full payment is expected. The ageing analysis of these trade receivables is as follows:

	Consolidated 2014 $'000	Consolidated 2013 $'000
Up to 3 months	5,127	3,295
3 to 6 months	9	33
Over 6 months	103	117
	5,239	**3,445**

The amount past due but not impaired in 2014 is greater than that of 2013 due to the increased number of centres in the Group at year end compared to the prior year.

(c) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is considered to approximate their fair value.

Informati n concerning the credit risk of receivables is set out in note 2.

Note 11: Current Assets - Other

	Consolidated 2014 $'000	Consolidated 2013 $'000
Prepayments	3,481	3,005
Rental & uti ity security deposits	1,362	1,010
Deposits on acquisi ons	8,799	409
Total other current assets	**13,642**	**4,424**

Note 12: Non-Current Assets – Property, Plant and Equipment

	Buildings $'000	Vehicles $'000	Furniture, fi gs and equipment $'000	Total $'000
Consolidated				
Year ended 31 December 2014				
Opening net book amount	4,717	968	12,384	18,069
Addi ons through business combinati ns	-	906	990	1,896
Addi ons - other	-	583	15,445	16,028
Disposals	-	(1,335)	(31)	(1,366)
Depreciatio charge	(115)	(171)	(4,790)	(5,076)
Exchange di erences	-	-	24	24
Closing net book amount	**4,602**	**951**	**24,022**	**29,575**
At 31 December 2014				
Cost	5,046	1,634	37,065	43,745
Accumulated depreciatio	(444)	(683)	(13,043)	(14,170)
Net book amount	**4,602**	**951**	**24,022**	**29,575**

	Buildings $'000	Vehicles $'000	Furniture, fi gs and equipment $'000	Total $'000
Consolidated				
Year ended 31 December 2013				
Opening net book amount	1,311	742	8,593	10,646
Addi ons through business combinati ns	-	24	265	289
Addi ons - other	3,546	370	6,801	10,717
Assets included in a disposal group classi ed as held for sale	-	(41)	(458)	(499)
Depreciatio charge	(140)	(127)	(2,862)	(3,129)
Exchange di erences	-	-	45	45
Closing net book amount	**4,717**	**968**	**12,384**	**18,069**
At 31 December 2013				
Cost	5,046	1,480	20,637	27,163
Accumulated depreciatio	(329)	(512)	(8,253)	(9,094)
Net book amount	**4,717**	**968**	**12,384**	**18,069**

(a) Leasehold Improvements

Furniture, gs and equipment includes the following amounts that are leasehold improvements:

	Consolidated 2014 $'000	Consolidated 2013 $'000
Cost	17,621	9,078
Accumulated depreciatio	(5,111)	(2,775)
Net book amount	**12,510**	**6,303**

(b) Leased assets

Vehicles and furniture, gs and equipment includes the following amounts where the Group is a lessee under a fi ance lease.

	Consolidated 2014 $'000	Consolidated 2013 $'000
Cost	-	84
Accumulated depreciatio	-	(17)
Net book amount	**-**	**67**

(c) Non-current assets pledged as security

Refer to note 16 for informatio on the non current assets pledged as security by the Company and its controlled enti es.

NOTE 13: Non-Current Assets – Deferred Tax Assets

	Consolidated 2014 $'000	Consolidated 2013 $'000
Deferred tax asset		
The balance comprises temporary di erences att ibutable to:		
Employee benefi s	6,502	3,935
Cash ow hedging	105	85
Share issue transactio costs	2,967	1,718
	9,574	**5,738**
Other		
Foreign exchange loss	5,386	-
Doub ul debts	114	68
Accrued expenses	910	1,773
Sub total other	**6,410**	**1,841**
Total deferred tax assets	**15,984**	**7,579**
Deferred tax assets to be recovered within 12 months	12,893	5,857
Deferred tax assets to be recovered aft r more than 12 months	3,091	1,722
	15,984	**7,579**
Deferred tax liability		
Prepayments	(536)	(259)
Total deferred tax liability	**(536)**	**(259)**
Net deferred tax asset	**15,448**	**7,320**

Consolidated	Employee benefit $'000	Share issue transac on costs $'000	Foreign Exchange $'000	Other $'000	Total $'000
At 1 January 2013	**2,398**	**780**	-	**380**	**3,558**
Charged to the Consolidated Income Statement	1,536	(393)	-	1,300	2,443
Charged directly to equity	-	1,331	-	(12)	1,319
At 31 December 2013	**3,934**	**1,718**	**-**	**1,668**	**7,320**
Charged to the Consolidated Income Statement	2,569	(927)	5,386	(1,076)	5,952
Charged directly to equity	-	2,176	-	-	2,176
At 31 December 2014	**6,503**	**2,967**	**5,386**	**592**	**15,448**

Note 14: Non-Current Assets - Goodwill

	Consolidated	
	2014 $'000	2013 $'000
Goodwill		
Year ended 31 December		
Opening net book amount	326,857	201,814
Addi ons	482,771	125,172
Adjustment in respect of prior year acquisi on	(652)	516
Disposals	(843)	(1,017)
Exchange di erences	1,029	372
Closing net book amount	**809,162**	**326,857**
At 31 December		
Cost	820,214	337,909
Accumulated impairment	(11,052)	(11,052)
Net book amount	**809,162**	**326,857**

(a) Impairment tests for goodwill

Goodwill is tested for impairment on an operating segment level as outlined in note 1(i). The recoverable amount of the child care centre assets is determined based on value-in-use calculatio s. These calculatio s use cash fl w projecti ns based on budgets for 2015 and then extrapolated using es mated growth rates. The growth rate does not exceed the long-term average growth rate for the business. For the purposes of goodwill impairment testing the recoverable amount is compared to the carrying amount of the assets of the Group, which aside from goodwill, also includes the fixed assets of the child care centres.

(b) Key assumptions used for value-in-use calculation

The value-in-use calculatio is based on forecast EBITDA which is a func on of occupancy, child care fees and centre expenses. Occupancy and child care fees are based on the current market condi ons plus anti ipated annual increases. Centre expenses include the following key items:

- Centre wages – based on industry award standards and forecast to increase by a 3% index annually;
- Centre occupancy expenses – based on current operating leases and increased by a 4% index annually; and
- Other child care expenses – driven by historical expenditure and future occupancy growth.

The anti ipated occupancy refle ts seasonal factors and underlying growth in occupancy achieved from the implementatio of the Group's strategies. Economic occupancy levels represent the key to fi ancial success for the Group given the largely xed cost-base of child care centres.

The impairment model has the following key a ributes:

- Pre-tax discount rate of 13%;
- Full head offi costs allocati n; and
- Forecast period of 5 years plus a terminal growth calculati n with a growth rate of 0%.

(c) Impairment charge

As a result of the value in use calculatio s described above it was determined that no impairment was required to be recognised.

The Group has completed a sensi vity analysis on its impairment model and no reasonably possible movement in the key assumptio s would give rise to an impairment loss.

Note 15: Current Liabilities - Trade and other payables

	Consolidated 2014 $'000	2013 $'000
Trade payables	6,971	4,627
Deferred centre acquisitio s	9,781	4,984
Dividends payable	21,221	10,511
Centre enrolment advances	8,002	4,257
Other payables and accruals	20,317	10,330
Income received in advance	9,275	5,116
	75,567	**39,825**

Note16: Current and Non-Current Liabilities - Borrowings

	2014			2013		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Secured						
Bank loans	-	-	-	3,778	41,931	45,709
Total secured borrowings	**-**	**-**	**-**	**3,778**	**41,931**	**45,709**
Unsecured						
Corporate Notes (a)	-	352,944	352,944	-	68,505	68,505
Total unsecured borrowings	**-**	**352,944**	**352,944**	**-**	**68,505**	**68,505**
Total Borrowings	**-**	**352,944**	**352,944**	**3,778**	**110,436**	**114,214**

(a) Corporate Notes

G8 Educatio Limited has the following Corporate Notes outstanding at year end:

Issue Date	Face Value in Issue Currency $'000	Issue Currency	Repayment Date	Interest Rate %	Floa ng or Fixed
7 August 2013	70,000	AUD	7 August 2019	7.65	Fixed
3 March 2014	50,000	AUD	3 March 2018	390 bps + 90 day Bank Bill rate	Floatin
12 May 2014	175,000	SGD	19 May 2017	4.75	Fixed
25 August 2014	85,000	SGD	19 May 2017	4.75	Fixed

G8 Educatio Limited has complied with the fi ancial covenants relati g to the Corporate Notes during 2013 and 2014 reporting periods.

(b) Interest rate risk exposures

Details of the Group's exposure to interest rate changes on debt are set out in note 2(b).

(c) Fair value disclosures

The carrying amounts and fair values of the corporate notes at balance dates are as re ected in the Balance Sheet.

(d) Total secured liabilities

The total secured liabili es (current and non-current) are as follows:

	Consolidated	
	2014 $'000	2013 $'000
Bank loan	-	45,709
Total secured liabili es	**-**	**45,709**

On 24 June 2014 the Group repaid its secured fi ance facility with Bank of Western Australia, it contin es to maintain a secured facility for the provision of bank guarantees to landlords of premises leased by the Group.

(e) Assets pledged as security

The facility is secured by:

- First ranking registered mortgages over all leasehold assets owned by the Group;
- An unlimited guarantee in favour of the Company from its subsidiaries; and
- A right of entry in relatio to certain leased premises.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

		Consolidated	
Current	**Notes**	**2014 $'000**	**2013 $'000**
Floatin charge			
Cash and cash equivalents	9	120,804	114,043
Trade and other receivables	10	14,164	9,613
Other current assets	11	13,642	4,424
Total current assets pledged as security		**148,610**	**128,080**
Non-current			
First mortgage			
Buildings	12	4,602	4,717
Floatin charge			
Vehicles, plant and equipment	12	24,973	13,352
Other receivables	23	-	1,640
Total non-current assets pledged as security		**29,575**	**19,709**
Total assets pledged as security		**178,185**	**147,789**

(f) Financing arrangements

As at 31 December 2014 the following lines of credit were in place:

	Consolidated	
	2014 $'000	2013 $'000
Credit standby arrangements		
Total faciliti s		
Credit cards	500	500
Asset fi ance leasing	-	250
	500	**750**
Used at balance date		
Credit cards	145	86
Asset fi ance leasing	-	54
	145	**140**
Unused at balance date		
Credit cards	355	414
Asset fi ance leasing	-	196
	355	**610**
Bank loan facili es		
Total faciliti s	-	50,000
Used at balance date	-	(46,420)
Unused at balance date	**-**	**3,580**
Bank Guarantee facili es		
Total faciliti s	25,000	15,000
Used at balance date	(22,082)	(13,974)
Unused at balance date	**2,918**	**1,026**
Corporate Note		
Total note face value	360,786	70,000
Used at balance date	(360,786)	(70,000)
Unused at balance date	**-**	**-**

(g) Fair value

The carrying amounts and fair values of borrowings at balance dates are as re ected in the Balance Sheet.

Note 17: Employee Entitlements

	Consolidated	
	2014 $'000	2013 $'000
Employee benefi s	18,110	11,214
	18,110	**11,214**

(a) Amounts not expected to be settled within the next 12 months

The current provision for employee benefi s includes accrued annual leave and long service leave. For long service leave, it covers all uncondi onal entitl ments where employees have completed the required period of service and also those where employees are entitl d to pro-rata payments in certain circumstances. The entir amount of the annual leave provision is presented as current since the Group does not have an uncondi onal right to defer se lement for any of these obligatio s. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts refl ct leave that is not expected to be taken or paid within the next 12 months.

	Consolidated	
	2014 $'000	2013 $'000
Leave obligati n expected to be se led aft r 12 months	1,122	538
	1,122	**538**

Note 18: Derivative Financial Instruments

	Consolidated	
	2014 $'000	2013 $'000
Non-Current Liability		
Interest rate swap contracts - cash ow hedges (a)	230	283
Total non-current deriva ve nancial instrument liability	**230**	**283**

(a) Instruments used by the Group

The Group is party to derivati e fi ancial instruments in the normal course of business in order to hedge exposure to fl ctuati ns in interest rates in accordance with the Group's nancial risk management policies (refer to note 2).

Interest rate swap contracts – cash flow hedges

In October 2012 the Group entered into an interest rate swap contract under which it is obligated to receive interest at variable rates and to pay interest at fi ed rates. The interest rate swap was entered into to protect the Group against unfavourable interest rate movements and hedge the impact against the variable secured loan with Bank of Western Australia. The Group repaid the secured variable bank debt on 24 June 2014. The Group has kept the interest rate swap in place to assist in mi gati g interest rate risk on the variable AUD bonds issued in March 2014.

As the variable bank debt has been repaid during the year the gain or loss from re-measuring the hedging instruments at fair value is recognised in the income statement as the hedge is no longer considered e ecti e. In the year ended 31 December 2014 $53,000 was recognised in the profi and loss (2013 : Nil).

Note 19: Non-Current Liabilities - Provisions

	Consolidated	
	2014 $'000	2013 $'000
Employee benefi s	3,628	1,974
	3,628	**1,974**

Note 20: Contributed Equity

(a) Share capital

	Consolidated		Consolidated	
	2014 Shares	2013 Shares	2014 $'000	2013 $'000
Ordinary shares fully paid	353,691,630	300,302,719	548,374	302,001

(b) Movements in ordinary share capital

Details	Number of shares	$'000
31 December 2012 Balance	**246,048,593**	**180,160**
Share placement to instit ti ns and professional investors	50,137,931	115,600
Fair value adjustment on shares issued to Key Management Personnel	-	223
Exercise of optio s	200,000	298
Dividend reinvestment plan	3,916,195	8,829
Transactio costs of shares issued	-	(4,440)
Deferred tax credit recognised directly in equity	-	1,331
31 December 2013 Balance	**300,302,719**	**302,001**
31 December 2013 Balance	**300,302,719**	**302,001**
Share placement to instit ti ns and professional investors	42,105,685	200,000
Shares issued to vendors during the year	3,066,206	15,546
Fair value adjustment on shares issued to Key Management Personnel	-	107
Share purchase plan to retail investors	3,586,818	16,499
Dividend reinvestment plan	4,630,202	19,294
Transactio costs of shares issued	-	(7,249)
Deferred tax credit recognised directly in equity	-	2,176
31 December 2014 Balance	**353,691,630**	**548,374**

(c) Ordinary shares

Ordinary shares enti le the holder to parti ipate in dividends and the proceeds on winding up of the Company in proportio to the number of and amounts paid on shares held.

On a show of hands every holder of ordinary shares present at a meetin in person or by proxy, is entitl d to one vote, and upon a poll each share is entitl d to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(d) Dividend reinvestment plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitl ments sati fied by the issue of new ordinary shares. Shares are issued under the plan. The Company advises the market at the ti e of announcing the dividend if there will be a discount applied to the market price.

(e) Capital risk management

The Group's objec ves when managing capital are to safeguard the Group's ability to contin e as a going concern, so that they can contin e to provide returns for shareholders and benefi s for other stakeholders and to maintain an opti al capital structure to reduce the cost of capital.

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' and 'trade and other payables' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

The gearing ratio at 31 December 2014 were as follows:

		Consolidated	
	Notes	2014 $'000	2013 $'000
Borrowings	16	352,944	114,214
Trade and other payables	15	75,567	39,825
Less: cash and cash equivalents		(120,804)	(114,043)
Net debt		307,707	39,996
Total equity		542,009	304,786
Total capital		**849,716**	**344,782**
Gearing ra o		**36%**	**12%**

Note 21: Reserves and retained earnings

	Consolidated 2014 $'000	Consolidated 2013 $'000
Reserves		
Share-based payments		
Opening balance	-	59
Employee share optio s exercised	-	-
Employee share optio expense	-	(59)
Closing balance	**-**	**-**
Foreign currency transla on		
Opening balance	3,287	72
Currency translatio di erences arising during the year	1,225	3,215
Closing balance	**4,512**	**3,287**
Profit reserves		
Opening balance	15,768	8,146
Transfer from retained earnings	51,874	41,271
Dividends	(63,277)	(33,649)
Closing balance	**4,365**	**15,768**
Cash ow hedges		
Opening balance	(171)	(229)
Revaluatio - gross	171	45
Deferred tax	-	13
Closing balance	**-**	**(171)**
Total reserves	**8,877**	**18,884**

	Consolidated 2014 $'000	Consolidated 2013 $'000
Retained earnings movements		
Opening balance	(16,099)	(5,900)
Profi for the year	52,731	31,072
Transfer to profi s reserve	(51,874)	(41,271)
Closing balance	**(15,242)**	**(16,099)**

(a) Nature and purpose of reserves

(i) Share-based payments

The share-based payments reserve is used to recognise the expensing of the grant date fair value of optio s issued to employees but not exercised.

(ii) Foreign currency translation

Exchange di erences arising on translatio of the foreign controlled entit are recognised in other comprehensive income as described in note 1(d) and accumulated in a separate reserve within equity. The cumulati e amount is reclassi ed to profi or loss when the net investment is disposed of.

(iii) Cash flow hedges

The hedging reserve is used to record gains or losses on hedging instruments in cash fl w hedges that are recognised in other comprehensive income, as described in note 1(n). Amounts are reclassi ed to profi or loss when the associated hedge transactio a ects profi or loss.

(iv) Profits reserve

The profi s reserve comprises the transfer of net profi for the current and previous years and characterises pro ts available for distributio as dividends in future years. Dividends amounting to $63.3 million (2013: $33.6 million) were distributed from the profi s reserve during the year.

Note 22: Dividends

(a) Ordinary Shares

	2014 $'000	2013 $'000
Dividend for the quarter ended 31 March 2014 of 3.5 cents per share (2013: 2.5 cents per share) paid on 10 April 2014 (2013: Paid on 11 April 2013).	10,560	6,773
Dividend for the quarter ended 30 June 2014 of 4.5 cents per share (2013: 3.0 cents per share) paid on 9 July 2013 (2013: Paid on 10 July 2013).	14,892	8,165
Dividend for the quarter ended 30 September 2014 of 5.0 cents per share (2013: 3.0 cents per share) paid on 10 October 2013 (2013: Paid on 11 October 2013).	16,604	8,202
Dividend for the quarter ended 31 December 2014 of 6.0 cents per share (2013: 3.5 cents per share) paid on 21 January 2015 (2013: Paid 10 January 2014).	21,221	10,509
	63,277	**33,649**

	2014 $'000	2013 $'000
Dividends paid in cash or sati fied by the issue of shares under the dividend reinvestment plan during the years ended 31 December 2014 and 2013 were as follows:^		
Paid in cash	39,764	21,859
Sati ed by issue of shares	23,513	11,790
	63,277	**33,649**

(b) Franked credits

The franked portio s of the December 2014 quarterly dividend will be franked out of existing franking credits.

	Consolidated		Parent En ty	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Franking credits available for subsequent fi ancial years based on a tax rate of 30% (2013: 30%)	7,327	8,532	7,327	8,532

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

a) Franking credits that will arise from the payment of the amount of the provision for income tax;

b) Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

c) Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entit if the distributable profi s of subsidiaries were paid as dividends.

Note 23: Key Management Personnel Disclosures

(a) Directors

The following persons were directors of G8 Educatio Limited during the nancial year:

(i) Chairperson –Independent Non-Executive

- J Hutson

(ii) Executive Directors

- C Sco

(iii) Non-Executive Directors

- B Bailison
- A Kemp
- S Forrester

(b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, direc ng and controlling the acti iti s of the Group, directly or indirectly, during the nancial year:

Name	Posi on
J Roberts	Chief Executi e O er (appointed 1 April 2014)
C Sacre	Company Secretary & Chief Financial Offi r
J Fraser	General Manager –Operatio s (resigned 29 August 2014)

(c) Key Management Personnel compensation

	Consolidated	
	2014	2013
	$	$
Short term employee benefi s	1,669,647	1,146,321
Post employment benefi s	152,788	69,706
Share based payments	106,649	223,155
Terminati n payments	70,791	50,000
	1,999,875	**1,489,182**

The relevant informatio on detailed remuneratio disclosures can be found in the Remuneratio Report on pages 16 to 21.

(d) Equity instrument disclosures relating to Key Management Personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Nil optio s were issued to Directors or other Key Management Personnel during 2014 (2013: Nil).

(ii) Option holdings

Nil optio s were outstanding during 2014 (2013: Nil).

(iii) Share holdings

The numbers of shares in the Company held during the fi ancial year by each Director of G8 Educatio Limited and other Key Management Personnel of the Group, including their associates, are set out below. There were no shares issued during the reporting year as compensati n.

2014	Balance at the start of the year	Received during the year on the exercise of op ons	Other changes during the year	Balance at the end of the year
Directors of G8 Educa on Limited				
Ordinary Shares				
J Hutson	1,650,000	-	150,000	1,800,000
C Sco *	-	-	-	-
B Bailison	-	-	-	-
A Kemp	103,043	-	-	103,043
S Forrester	-	-	-	-
Other Key Management Personnel of the Group				
Ordinary Shares				
C Sacre	1,285,714	-	(685,714)	600,000
J Fraser (resigned 29 August 2014)	860,488	-	(584,345)	276,143

* C Sco guaranteed the repayment of a loan made by the Company to J Sco . The loan related to the purchase of two million G8 Educatio Limited shares in 2010. The shares are owned by J Sco but the loan was guaranteed by C Sco . The loan has been repaid in full and the guarantee is at an end.

2013	Balance at the start of the year	Received during the year on the exercise of op ons	Other changes during the year	Balance at the end of the year
Directors of G8 Educa on Limited				
Ordinary Shares				
J Hutson	800,000	-	850,000	1,650,000
C Sco *	2,000,000	-	-	2,000,000
B Bailison	-	-	-	-
A Kemp	103,043	-	-	103,043
S Forrester	-	-	-	-
M Reynolds (reti ed 30 April 2013)	14,695	-	-	14,695
Other Key Management Personnel of the Group				
Ordinary Shares				
K Lacey (Resigned 16 January 2013)	-	200,000	-	200,000
C Sacre	1,285,714	-	-	1,285,714
J Fraser	860,488	-	-	860,488

* C Sco guaranteed the repayment of a loan made by the Company to J Sco . The loan related to the purchase of two million G8 Educatio Limited shares in 2010. The shares are owned by J Sco but the loan was guaranteed by C Sco . The loan has been repaid in full and the guarantee is at an end.

(e) Loans to Key Management Personnel

Details of loans made to directors of G8 Educatio Limited and other Key Management Personnel of the Group, including their associates, are set out below.

(i) Aggregates for Key Management Personnel

Group	Balance at the start of the year $	Interest paid and payable for the year $	Interest not charged $	Balance at the end of the year $	Number in Group at the end of the year
2014	1,640,000	19,405	-	-	-
2013	1,865,034	102,408	-	1,640,000	3

(ii) Individuals with loans above $100,000 during the financial year

2014

Name	Balance at the start of the year $	Interest paid and payable for the year $	Interest not charged $	Balance at the end of the year $	Highest Indebtedness during the year $
J Sco *	140,000	1,799	-	-	140,000
C Sacre	900,000	8,729	-	-	908,729
J Fraser (resigned 29 August 2014)	600,000	8,877	-	-	608,877

*C Sco guaranteed the repayment of this loan made by the Company to J Sco .

As at 31 December 2014 all loans to key management personnel had been repaid to the Company.

2013

Name	Balance at the start of the year $	Interest paid and payable for the year $	Interest not charged $	Balance at the end of the year $	Highest Indebtedness during the year $
J Sco *	342,349	9,450	-	140,000	342,349
C Sacre	913,611	54,000	-	900,000	913,611
J Fraser	609,074	38,958	-	600,000	609,074

*C Sco guaranteed the repayment of this loan made by the Company to J Sco .

(f) Other transactions with Key Management Personnel

Details of material transacti ns and their impact on the fi ancial statements exclusive of GST at year end that Key Management Personnel and their related enti es had with the Group during the year are as follows:

Mr C Sco (Managing Director) who as guarantor to the loan to J Sco had the following transac ons:		2014 $	2013 $
a) Interest charged on share loan agreement	Revenue interest income	1,799	9,450
b) Loan granted to nominee of Mr C Sco to purchase 2,000,000 shares G8 Educatio Limited for a total amount of $700,000 plus accrued interest less repayments	Non-current receivables	-	140,000

A loan was granted to issue 2,000,000 shares to Mr C Sco 's nominee on 18 May 2010 at $0.35. The loan was for a period of 2 years at 6% per annum. The loan was extended for a further three year term to expire in April 2015. The extension of the loan was approved by shareholders at the Annual General Meetin held in April 2012. The interest on the loan is to be capitalised and repaid at the end of the three year extended term. Dividend payments from the Group will be uti ised to repay interest repayments and/or debt reduc on. The loan was repaid in in full in 2014.

Mr C Sacre (Company Secretary and Chief Financial Offi r) who had the following transactio s:		2014 $	2013 $
a) Interest charged on share loan agreement	Revenue interest income	8,729	54,000
b) Loan granted to nominee of Mr C P Sacre to purchase 1,285,714 shares G8 Educatio Limited for a total amount of $900,000 plus accrued interest less repayments	Non-current receivables	-	900,000
c) Share based payment expense for the di erence in market price of the shares issued in (b) above compared to loan value	Employment expenses and equity	58,000	133,893

A loan was made to enable subscriptio for 1,285,714 shares by Mr C Sacre's nominee on 14 June 2012 at $0.70 per share. The loan is for a period of three years at 6% per annum. The interest on the loan is to be capitalised and repaid at the end of the three year term. Dividend payments from the Group will be uti ised to repay interest repayments and/or debt reduc on. The fair value of the shares on issue date was $0.95 and as a result the di erence between the agreed price of $0.70 and the price on issue date has been taken to employment expenses and equity as a share based payment. The loan was repaid in in full in 2014.

Mr J Fraser (General Manager of Operatio s) - resigned 29 August 2014, who had the following transac ons:		2014 $	2013 $
a) Interest charged on share loan agreement	Revenue interest income	8,877	38,958
b) Loan granted to nominee of Mr J Fraser to purchase 857,143 shares G8 Educatio Limited for a total amount of $600,000 plus accrued interest less repayments	Non-current receivables	-	600,000
c) Share based payment expense for the di erence in market price of the shares issued in (b) above compared to loan value	Employment expenses and equity	48,649	89,262

A loan was made to enable subscriptio for 857,143 shares by Mr J Fraser's nominee on 14 June 2012 at $0.70 per share. The loan is for a period of three years at 6% per annum. The interest on the loan is to be capitalised and repaid at the end of the three year term. Dividend payments from the Group will be uti ised to repay interest repayments and/or debt reduc on. The fair value of the shares on issue date was $0.95 and as a result the di erence between the agreed price of $0.70 and the price on issue date has been taken to employment expenses and equity as a share based payment. The loan was repaid in in full in 2014.

(g) The aggregate value of transactions with Key Management Personnel:

	Consolidated	
	2014 $	2013 $
Revenue		
Interest income	19,405	102,408
Expenses		
Employment expense	106,649	223,155
Non-current assets		
Receivables	-	1,640,000

Note 24: Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the Group, its related prac ces and non-related audit firm :

	Consolidated 2014 $	Consolidated 2013 $
1. Audit services		
HLB Mann Judd		
Audit and review of nancial reports – half year	70,000	57,750
Audit and review of nancial reports – year end	120,000	102,500
Total remunera on for audit services	**190,000**	**160,250**

	Consolidated 2014 $	Consolidated 2013 $
2. Non-audit services		
HLB Mann Judd		
Advisory services	41,000	-
Taxati n services	7,495	23,330
Total remunera on for non-audit services	**48,495**	**23,330**

It is the Group's prac ce to employ HLB Mann Judd on assignments additio al to their statutory audit duti s where HLB Mann Judd's experti e and experience with the Group are important. These assignments are principally tax advice, or where HLB Mann Judd is awarded assignments on a competi ve basis. It is the Group's policy to seek compe ti e tenders for all major consul ng projects.

Note 25: Contingencies

(a) Contingent liabilities

As at 31 December 2014 the Group had no contingen liabili es.

Note 26: Commitments

(a) Capital commitments

There is no capital expenditure contracted for at the repor ng date but not recognised as a liability.

(b) Lease commitments: Group as lessee

(i) Non-cancellable operating leases for premises and vehicles

The Group leases various child care facili es under non-cancellable operating leases. The leases have varying terms, escalatio clauses and renewal rights. On renewal, the terms of the leases are re-negotia ed.

	Consolidated	
	2014 $'000	**2013 $'000**
Commitments in relatio to leases contracted for at the reporting date but not recognised as liabiliti s:		
Payable:		
Within one year	66,229	37,240
Later than one year but no later than ve years	213,865	121,340
Later than ve years	191,428	76,666
	471,522	**235,246**
Represen ng:		
Non-cancellable operating leases	471,522	235,246

(ii) Finance Leases

	Consolidated	
	2014 $'000	**2013 $'000**
Commitments in relatio to vehicle nance leases are payable as follows:		
Within one year	-	17
Later than one year but no later than ve years	-	45
Minimum lease payments	**-**	**62**
Future nance charges	-	(8)
Total lease liabili es	**-**	**54**
Representing lease liabili es:		
Current	-	14
Non-current	-	40
	-	**54**

Note 27: Related Party Transactions

(a) Parent entity

The parent entit within the Group is G8 Educatio Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 30.

(c) Key Management Personnel

For details of transactio s that Key Management Personnel and their related enti es had with the Group during the year refer note 23.

(d) Outstanding balance arising from transactions with related parties

The following balances are outstanding at the reporting date in relatio to transactio s with related parti s:

	Consolidated	
	2014 $'000	**2013 $'000**
Non-current receivables (share purchase loan)		
Key Management Personnel	-	1,640
Current payables (purchase of goods and services)		
Key Management Personnel	-	23

No allowance for doubtf l debts was raised in relatio to any outstanding balances, and no expenses were recognised in respect of bad or doubtf l debts due from related parti s. All transactio s with related parti s during the year were made on normal commercial terms and condi ons. Outstanding balances were secured and are repayable in cash.

Note 28: Business Combinations

Current Period

The acquisitio s below have increased the Group’s market share and are expected to reduce costs per centre through economies of scale. The goodwill is a ributable to the future profi ability of the acquired businesses.

State	NSW/ VIC/ SA/ QLD/ WA	NSW	WA	WA	NSW	NSW	QLD	WA	NSW	WA
Number of centres	69	2	21	7	4	13	6	22	5	5
	$’000	$’000	$’000	$’000	$’000	$’000	$’000	$’000	$’000	$’000
Purchase considera on										
Cash consideratio	88,758	5,853	43,830	18,099	9,639	26,249	23,743	51,677	11,537	8,483
Contingen consideratio	3,820	-	-	-	-	-	-	-	-	-
Purchase price adjustments	(2,059)	-	-	3675	-	171	5	-	-	1,221
Total purchase considera on	**90,519**	**5,853**	**43,830**	**21,774**	**9,639**	**26,420**	**23,748**	**51,677**	**11,537**	**9,704**
Assets & liabili es acquired at fair value										
Property, plant & equipment	234	5	267	250	-	134	63	585	9	65
Payables	(500)	-	-	-	-	(2)	-	-	-	-
Employee benefi liabiliti s	(2,310)	(33)	(159)	(154)	(110)	(695)	(125)	(369)	(47)	(12)
Net identifi le assets / (liabili es) acquired	(2,576)	(28)	108	96	(110)	(563)	(62)	216	(38)	53
Goodwill	93,095	5,881	43,722	21,678	9,749	26,983	23,810	51,461	11,575	9,651
	90,519	**5,853**	**43,830**	**21,774**	**9,639**	**26,420**	**23,748**	**51,677**	**11,537**	**9,704**
Revenue & profit contribu on										
Revenue	32,766	3,466	25,716	5,739	2,900	8,558	6,988	12,063	3,269	2,166
Profi before tax	6,204	858	6,806	2,133	1,011	2,637	2,629	4,464	873	339

State	ACT	VIC	VIC	QLD	NSW	VIC	WA	VIC	VIC	TOTAL
Number of centres	1	8	2	9	5	6	14	2	2	203
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Purchase considera on										
Cash consideratio	5,645	17,997	11,415	56,260	16,287	15,560	37,296	13,000	6,835	468,163
Contingen consideratio	-	-	-	-	-	-	-	-	4,163	7,983
Purchase price adjustments	-	(590)	(458)	(456)	(606)	(275)	(39)	-	-	589
Total purchase considera on	**5,645**	**17,407**	**10,957**	**55,804**	**15,681**	**15,285**	**37,257**	**13,000**	**10,998**	**476,735**
Assets & liabili es acquired at fair value										
Property, plant & equipment	23	21	-	-	-	-	-	-	240	1,896
Payables	-	(126)	(294)	(394)	(350)	(106)	-	-	-	(1,772)
Employee benefi liabiliti s	(8)	(795)	(164)	(642)	(256)	(244)	-	-	(37)	(6,160)
Net identifi le assets / (liabili es) acquired	15	(900)	(458)	(1,036)	(606)	(350)	-	-	203	(6,036)
Goodwill	5,630	18,307	11,415	56,840	16,287	15,635	37,257	13,000	10,795	482,771
	5,645	**17,407**	**10,957**	**55,804**	**15,681**	**15,285**	**37,257**	**13,000**	**10,998**	**476,735**
Revenue & profit contribu on										
Revenue	1,874	7,034	3,436	5,494	2,754	3,216	3,398	655	1,974	133,466
Profi before tax	430	1,451	972	2,383	809	506	929	239	385	36,058

Contingent Consideration

Where the Group has a contingen consideratio in the table above the Group has a contractual liability to pay the former owner of the centre a deferred cash payment in the event that the centre based EBIT exceeds the contractual threshold for the 12 months post se lement refer to note 15.

Note 29: Parent Entity Disclosures

As at, and throughout the nancial year ended 31 December 2014 the parent entit of the Group was G8 Educatio Limited.

	Consolidated	
	2014	**2013**
	$'000	**$'000**
Result of parent en ty		
Profi for the year aft r tax	47,401	41,436
Other comprehensive income	171	45
Total comprehensive income for the year	**47,572**	**41,481**
Financial posi on of parent en ty at year end		
Current assets	129,941	144,397
Non-current assets	837,182	326,341
Total assets	**967,123**	**470,738**
Current liabili es	90,282	59,811
Non-current liabiliti s	357,224	113,152
Total liabili es	**447,506**	**172,963**
Total equity of parent en ty comprising of:		
Contributed equity	548,374	302,001
Reserves	56	15,761
Accumulated losses	(28,813)	(19,987)
Total equity	**519,617**	**297,775**

Parent entity contingencies

Refer to note 25 for parent entit contingen liabili es .

Parent entity guarantees in respect of the debts of its subsidiaries

The parent entit has entered into a Deed of Cross Guarantee with the e ect that the Company guarantees debts in respect of its subsidiaries.

Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in note 31.

Note 30: Subsidiaries

The consolidated fi ancial statements incorporate the assets, liabiliti s and results of the following subsidiaries in accordance with the accoun ng policy described in note 1(b).

Name of En ty	Country of incorpora on	Class of Shares/ Units	Equity Holding 2014 %	Equity Holding 2013 %
Subsidiaries of Company				
Grasshoppers Early Learning Centre Pty Ltd	Australia	Ordinary	52	52
Togalog Pty Ltd	Australia	Ordinary	100	100
RBWOL Holding Pty Ltd**	Australia	Ordinary	100	100
Ramsay Bourne Holdings Pty Ltd**	Australia	Ordinary	100	100
Bourne Learning Pty Ltd	Australia	Ordinary	100	100
Ramsay Bourne Acquisi ons (No.1) Pty Ltd	Australia	Ordinary	100	100
Ramsay Bourne Acquisi ons (No.2) Pty Ltd**	Australia	Ordinary	100	100
RBL No. 1 Pty Ltd	Australia	Ordinary	100	100
Ramsay Bourne Licences Pty Ltd	Australia	Ordinary	100	100
Sydney Cove Children's Centre Pty Ltd	Australia	Ordinary	100	100
Sydney Cove Children's Centre B Pty Ltd	Australia	Ordinary	100	100
Sydney Cove Children's Centre C Pty Ltd	Australia	Ordinary	100	100
Sydney Cove Property Holdings Pty Ltd	Australia	Ordinary	100	100
World Of Learning Pty Ltd**	Australia	Ordinary	100	100
World Of Learning Acquisitio s (No.1) Pty Ltd	Australia	Ordinary	100	100
World Of Learning Acquisitio s Pty Ltd	Australia	Ordinary	100	100
World Of Learning Licences Pty Ltd	Australia	Ordinary	100	100
G8 KP Pty Ltd**	Australia	Ordinary	100	100
Sterling Early Educatio Finance Pty Ltd	Australia	Ordinary	100	-
Sterling Early Educatio Holdings Pty Ltd**	Australia	Ordinary	100	-
Woodland Educatio Operatio s Pty Ltd	Australia	Ordinary	100	-
Kindy Kids Operatio s Pty Ltd	Australia	Ordinary	100	-
CG Operatio s Pty Ltd **	Australia	Ordinary	100	-
Kool Kids Operatio s Pty Ltd **	Australia	Ordinary	100	-
North Shore Childcare Pty Ltd**	Australia	Ordinary	100	-
Ooorama Operatio s Pty Ltd**	Australia	Ordinary	100	-
Jacaranda Operatio s Pty Ltd**	Australia	Ordinary	100	-
Huggy Bear Operatio s Pty Ltd**	Australia	Ordinary	100	-
Jellybeans Operatio s Pty Ltd**	Australia	Ordinary	100	-
Janes Place Operatio s Pty Ltd	Australia	Ordinary	100	-
Jolimont Private Educatio Pty Ltd	Australia	Ordinary	100	-
WTTS Operatio s Pty Ltd	Australia	Ordinary	100	-
BUI Investments Pty Ltd	Australia	Ordinary	100	-
Derafi Pty Ltd	Australia	Ordinary	100	-
Alfoom Investments Pty Ltd	Australia	Ordinary	100	-
Shemlex Pty Ltd**	Australia	Ordinary	100	-
Kindy Kids Village Pty Ltd	Australia	Ordinary	100	-
Kindy Kids Long Day Care and Preschool Pty Ltd	Australia	Ordinary	100	-
Three Li le Pigs Pty Ltd	Australia	Ordinary	100	-
A.C.N 078 042 378 Pty Ltd	Australia	Ordinary	100	-
ES5 Pty Ltd	Australia	Ordinary	100	-
Kindy Patch Unit Trust	Australia	Ordinary	100	100

Name of En ty	Country of incorpora on	Class of Shares/ Units	Equity Holding 2014 %	2013 %
Subsidiaries of Company				
Sydney Cove Children's Centre Trust	Australia	Ordinary	100	100
Sydney Cove Children's Centre B Trust	Australia	Ordinary	100	100
Shemlex Investment Unit Trust **	Australia	Ordinary	100	-
Shemlex Investments Freehold Trust No 1**	Australia	Ordinary	100	-
Morley Perth Unit Trust	Australia	Ordinary	100	-
Kindy Kids Village Trust	Australia	Ordinary	100	-
Kindy Kids Long Day Care and Preschool Trust	Australia	Ordinary	100	-
G8 Singapore Pte Ltd	Singapore	Ordinary	100	100
Cherie Hearts Corporate Pte Ltd	Singapore	Ordinary	100	100
Cherie Hearts Holdings Pte Ltd	Singapore	Ordinary	100	100
Cherie Hearts @ KK Pte Ltd	Singapore	Ordinary	100	100
Cherie Hearts @ SK Pte Ltd	Singapore	Ordinary	100	100
Cherie Hearts @ Gombak Pte Ltd	Singapore	Ordinary	100	100
Bright Juniors @ YS Pte Ltd	Singapore	Ordinary	100	100
Bright Juniors @ TM Pte Ltd	Singapore	Ordinary	100	100
Bright Juniors @ PGL Pte Ltd	Singapore	Ordinary	100	100
Bright Juniors @ SC Pte Ltd	Singapore	Ordinary	100	100
Bright Juniors Pte Ltd	Singapore	Ordinary	100	100
Our Juniors Schoolhouse Pte Ltd	Singapore	Ordinary	100	100
Subsidiaries of Togalog Pty Ltd				
Grasshoppers Early Learning Centre Pty Ltd	Australia	Ordinary	48	48

* The proportio of ownership interest is equal to the proportio of voting power held.

** These subsidiaries have been granted relief from the necessity to prepare fi ancial reports in accordance with Class Order 98/1418 issued by the Australian Securi es and Investment Commission. For further informatio please refer to note 31.

Note 31: Deed of Cross Guarantee

G8 Educatio   Limited, Grasshoppers Early Learning Centre Pty Ltd, Togalog Pty Ltd, RBWOL Holding Pty Ltd (Formerly Payce Child Care Pty Ltd), Ramsay Bourne Holdings Pty Ltd, Bourne Learning Pty Ltd (Formerly Ramsay & Bourne Pty Ltd), Ramsay Bourne Acquisi ons (No.1) Pty Ltd, Ramsay Bourne Acquisi ons (No.2) Pty Ltd, Rbl (No. 1) Pty Ltd, Ramsay Bourne Licences Pty Ltd, World Of Learning Pty Ltd, World Of Learning Acquisi ons (No.1) Pty Ltd, World Of Learning Acquisi ons Pty Ltd, World Of Learning Licences Pty Ltd, G8 KP Pty Ltd, Sydney Cove Children's Centre Pty Ltd, Sydney Cove Children's Centre B Pty Ltd, Sydney Cove Children's Centre C Pty Ltd, Sydney Cove Property Holdings Pty Ltd, Cg Operatio s Pty Ltd, Huggy Bear Operatio s Pty Ltd, Jacaranda Operatio s Pty Ltd, Jellybeans Operatio s Pty Ltd, Jellybeans A   adale Pty Ltd Kindy Kids Operatio s Pty Ltd, Kindy Kids Village Pty Ltd, Kindy Kids Long Day Care and Preschool Pty Ltd, Kool Kids Operatio s Pty Ltd, North Shore Childcare Pty Ltd, Oorama Operatio s Pty Ltd, Jane's Place Pty Ltd, Sterling Early Educatio   Finance Pty Ltd, Sterling Early Educatio   Holdings Pty Ltd, Derafi Pty Ltd, WTTS Operatio s Pty Ltd, Jolimont Private Educatio   Pty Ltd, Bui Investments Pty Ltd, Three Li   le Pigs Pty Ltd, Alfoom Investments Pty Ltd, Shemlex Pty Ltd, ES5 Pty Ltd, and A.C.N 078 042 378 Pty Ltd are parti s to a Deed of Cross Guarantee under which each company guarantees the debts of the others. By entering into the Deed RBWOL Holding Pty Ltd, World of Learning Pty Ltd, G8 KP Pty Ltd, Ramsay Bourne Holding Pty Ltd, Ramsay Bourne Acquisi ons (No 2) Pty Ltd, Shemlex Pty Ltd, Shemlex Investments Unit Trust, Shemlex Investments Freehold Trust No1, Sterling Early Educati n Holdings Pty Ltd, CG Operati ns Pty Ltd, Kool Kids Operati ns Pty Ltd, North Shore Childcare Pty Ltd, Oorama Operatio s Pty Ltd, Jacaranda Operatio s Pty Ltd, Huggy Bear Operati ns Pty Ltd and Jellybeans Operatio s Pty Ltd have been relieved from the requirement to prepare a Financial Report And Directors' Report Under Class Order 98/1418 (As Amended) issued by the Australian Securi   es and Investments Commission.

G8 Educatio   Limited, RBWOL Holding Pty Ltd, World of Learning Pty Ltd, G8 KP Pty Ltd, Ramsay Bourne Holding Pty Ltd, Ramsay Bourne Acquisitio s (No 2) Pty Ltd, Shemlex Pty Ltd, Shemlex Investments Unit Trust, Shelmex Investments Freehold Trust No1, Sterling Early Educatio   Holdings Pty Ltd, CG Operatio s Pty Ltd, Kool Kids Operatio s Pty Ltd, North Shore Childcare Pty Ltd, Oorama Operatio s Pty Ltd, Jacaranda Operatio s Pty Ltd, Huggy Bear Operatio s Pty Ltd and Jellybeans Operatio s Pty Ltd represent a 'closed group' for the purposes of the Class Order. The other parti s to the deed of cross guarantee listed above do not require relief from Class Order 98/1418 as they do not meet the threshold to prepare a fi ancial report and Directors' Report. All parti s to the deed of cross guarantee (as listed above) are wholly owned subsidiaries of G8 Educatio   Limited and the entir   Group represent the 'extended closed group'.

Set out below is a consolidated statement of comprehensive income for the year ended 31 December 2014 of the closed Group.

(a) Consolidated statements of comprehensive income

	2014 $'000	2013 $'000
Revenue from con nuing opera ons	449,453	260,550
Other income	9,186	550
Expenses		
Employee benefi s expense	(249,190)	(152,272)
Occupancy	(50,448)	(30,691)
Direct costs of providing services	(36,034)	(20,342)
Amor sati n	(1,650)	(381)
Depreciatio expense	(4,448)	(2,894)
Insurance	(1,026)	(669)
Other expenses	(9,577)	(5,961)
Finance costs	(34,640)	(4,790)
Total expenses	**(387,013)**	**(218,000)**
Profi before income tax	71,626	43,100
Income tax (expense)	(19,684)	(13,619)
Profit for the year	**51,942**	**29,481**
Other comprehensive income for the year, net of tax	171	45
Total Comprehensive income for the year	**52,113**	**29,526**

(b) Balance Sheets

Set out below is a consolidated balance sheet as at 31 December 2014 of the closed Group.

	2014 $'000	2013 $'000
Current assets		
Cash and cash equivalents	117,193	110,500
Trade and other receivables	14,281	9,246
Other current assets	32,097	25,297
Total current assets	**163,571**	**145,043**
Non-current assets		
Receivables	-	1,640
Investments in extended Group	114,832	9,010
Property, plant and equipment	24,632	16,960
Deferred tax assets	15,447	7,320
Intangible assets	668,921	290,101
Total non-current assets	**823,832**	**325,031**
Total assets	**987,403**	**470,074**
Current liabili es		
Trade and other payables	72,164	38,135
Borrowings	-	3,778
Provisions	18,047	11,088
Deriva ve liability	230	283
Current tax liabiliti s	9,525	8,865
Total current liabili es	**99,966**	**62,149**
Non-current liabili es		
Borrowings	352,944	110,436
Other payables	1,307	760
Borrowings from extended Group	4,115	-
Provisions	3,628	1,954
Total non-current liabili es	**361,994**	**113,150**
Total liabili es	**461,960**	**175,299**
Net assets	**525,443**	**294,775**
Equity		
Contributed equity	548,374	302,001
Reserves	56	15,761
Accumulated losses	(22,987)	(22,987)
Total equity	**525,443**	**294,775**

Note 32: Events occurring after the balance sheet date

The following material ma ers have taken place subsequent to year end:

The Group announced the proposed acquisi on of 12 child care centres for $36.0 million with $29.9m payable at se lement and a further payment of $6.1 million condi onal upon the centre based EBIT target being achieved in the 12 month post se lement.

Note 33: Reconciliation of profit after tax to net cash inflow from operating activities

	Consolidated	
	2014 $'000	2013 $'000
Profi for the year	52,731	31,072
Depreciatio and amorti atio	6,726	3,510
Foreign exchange loss on Singapore corporate notes	13,033	-
Fair value adjustment to derivati es	118	-
Write back of deferred consideratio not payable	(9,178)	(550)
Increase in borrowing cost prepayments	(566)	30
Tax benefi on equity – non cash	2,176	1,319
(Increase) in trade and other debtors	(5,026)	(2,746)
(Increase) in deferred tax asset	(8,128)	(3,762)
Increase in trade and other payables	16,699	4,314
Increase in other provisions	2,390	4,644
Non-cash employee benefi s expense - share based payments	107	208
Increase in provision for income taxes payable	745	3,734
Acquisi on expenses	3,354	1,559
Interest income	-	(557)
Net exchange di erences	(465)	260
Net cash infl ws from opera ng ac vi es	**74,716**	**43,035**

Note 34: Earnings per share

	Consolidated 2014 Cents	2013 Cents
(a) Basic earnings per share		
Profi a ributable to the ordinary equity holders of the Company	16.15	11.28
(b) Diluted earnings per share		
Profi from contin ing opera on a ributable to the ordinary equity holders of the Company	16.15	11.28
	$'000	**$'000**
(c) Reconcilia on of earnings used in calcula ng earnings per share		
Basic earnings per share		
Profi a ributable to the ordinary equity holders of the Company used in calculating basic earnings per share	52,731	31,072
Diluted earnings per share		
Profi a ributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	52,731	31,072
	Number	**Number**
d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	326,448,869	275,461,031
Adjustments for calcula on of diluted earnings per share:		
Optio s	-	-
Weighted average number of ordinary shares and poten al ordinary shares used as the denominator in calcula ng diluted earnings per share	326,448,869	275,461,031

Note 35: Share-based payments

Details of optio s over ordinary shares in G8 Educatio   Limited provided as remuneratio   to Key Management Personnel of the Group are set out below. Value of optio s at grant date is set out below. When exercisable, each optio   is convertible i to one ordinary share of G8 Educatio   Limited.

The weighted average remaining contractual life of share optio s outstanding at the end of the year was Nil.

No optio s were issued during 2014 or outstanding at 31 December 2014.

(a) Fair value of options granted

There were no optio s granted during the year ended 31 December 2014. The assessed fair value at grant date of the optio s issued during the year ended 31 December 2014 was nil.

(b) Expenses arising from share-based transactions

Expenses arising from share-based payment transactio s recognised during the year as part of employee benefi   expenses were as follows:

	Consolidated 2014 $'000	2013 $'000
Share-based payment expense on fair value adjustment on shares issued to nominees of C Sacre and J Fraser	(107)	(223)
	(107)	**(223)**

Directors' Declaration

In the Directors' opinion:

(a) the fi ancial statements and notes set out on pages 36 to 91 are in accordance with the Corporatio s Act 2001, including:

(i) complying with Accounting Standards, the Corporatio s Regulatio s 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entit 's fi ancial posi on as at 31 December 2014 and of its performance for the nancial year ended on that date;

(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; and

(c) at the date of this declaratio , there are reasonable grounds to believe that the members of the extended closed Group identi d in note 31 will be able to meet any obligatio s or liabiliti s to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 31.

Note 1(a) confir s that the fi ancial statements also comply with Internati nal Financial Reporting Standards as issued by the Internati nal Accounting Standards Board.

The Directors have been given the declaratio s by the Managing Director and Chief Financial Offi r required by sectio 295A of the Corporatio s Act 2001.

This declaratio is made in accordance with a resolutio of the Directors.

Christopher Sco
Director
16 February 2015

HLB Mann Judd

Accountants | Business and Financial Advisers

G8 Education Limited
ACN 95 123 828 553

INDEPENDENT AUDITOR'S REPORT

To the members of G8 Education Limited

Report on the Financial Report

We have audited the accompanying financial report of G8 Education Limited ("the company"), which comprises the consolidated balance sheet as at 31 December 2014, the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report complies with International Financial Reporting Standards.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's and its controlled entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

HLB Mann Judd (SE Qld Partnership) ABN 68 920 406 716
Level 15, 66 Eagle Street, Brisbane QLD 4000 | GPO Box 5225 Brisbane QLD 4001
Telephone +61 (0)7 3001 8800 | Facsimile +61 (0)7 3221 0812 | Email: infobne@hlbqld.com.au | Website: www.hlb.com.au

Independence

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

Opinion

In our opinion:

(a) the financial report of G8 Education Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 21 of the directors' report for the year ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of G8 Education Limited for the year ended 31 December 2014 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

C J M King
Partner

Brisbane, Queensland
Date: 16 February 2015