G8 Education ltd

Appendix 4D

Name of Entity:	G8 Education Ltd
ABN:	95 123 828 553
Current Financial Period Ended:	Half year ended 30 June 2015
Previous Corresponding Reporting Period	Half year ended 30 June 2014

Results for Announcement to the Market

	Percentage change Up or Down	%		$'000
Revenue from ordinary activities	Up	63%	to	305,700
Profit from ordinary activities after tax attributable to members	Up	73%	to	28,240
Profit for the period attributable to members	Up	73%	to	28,240

Dividends	Amount per Security	Franked amount per security
Interim Quarterly Dividend declared during the Current Reporting Period		
March 2015 Quarter	6.00 Cents	100%
June 2015 Quarter	6.00 Cents	100%
Record date for determining entitlements to dividends		
March 2015 Quarter	31 March 2015	
June 2015 Quarter	26 June 2015	
Date dividend payable		
March 2015 Quarter	10 April 2015	
June 2015 Quarter	7 July 2015	
Details of any dividend reinvestment plan in operation	Dividend reinvestment plan is in operation	

Shares issued under the DRP were issued at a 5% discount to the daily volume weighted average market price for all GEM shares sold on the ASX during the 10 trading day period starting 5 trading days preceding and inclusive of the record date and ending after the 4 trading days immediately following the record date.

	June 2015	June 2014
Net Tangible Assets (Liabilities) per Security	(0.83) Cents	(0.46) Cents

Brief explanation of any figures reported above necessary to enable the figures to be understood

Over the course of the half year 2015 the Group continued to execute on its core strategies of disciplined portfolio growth and the provision of exceptional early education services to our families and their communities.

A total of 21 new centres were added to the Group in the period. These centres were located across Australia and met all of our key selection criteria so as to ensure a complementary fit to our broader portfolio and an immediate positive contribution to profitability.

At the centre level our corporate model continues to provide consistent and constructive support and investment to our centre based staff enabling them to ensure delivery of first class educational outcomes via an inspiring and current curriculum from environments, both inside and out, that are presenting optimally.

From a financial perspective the Group reported half year total revenues of $310.9m, up 66% and half year net profit after tax of $28.2m up 73% in comparison to the same reporting period last year.

Underpinning this performance was the positive earnings contributions from 88 childcare centres acquired in the second half of 2014 and the 21 centres acquired during the first six months of 2015.

The table below illustrates the reconciliation of reported net profit before tax to underlying earnings before interest and tax.

	30 June 2015 $000
Revenue	310,882
Expenses	(252,738)
Earnings before interest and tax	58,144
Financing cost	(20,522)
Net profit before tax	**37,622**
Net profit after tax	**28,240**
Add/(less) non operating transactions:	
Acquisition related costs	513
Deferred consideration not paid*	(4,591)
Share based payment expense*	37
Foreign currency translation loss*^	7,329
Underlying net profit after tax	**31,528**
Underlying EPS (cents per share)	**8.75**
Underlying earnings before interest and tax	**54,103**

*These items are non-cash adjustments

^These items have been tax effected

Subsequent to 30 June 2015 the Group announced it had acquired 46,051,790 (19.89%) fully paid ordinary shares in Affinity Education Group Limited (Affinity Education) and that it is offering to acquire all of the shares in Affinity Education that it does not already own via an all share offer of 1 fully paid ordinary share in G8 Education for every 4.25 fully paid ordinary shares in Affinity Education.

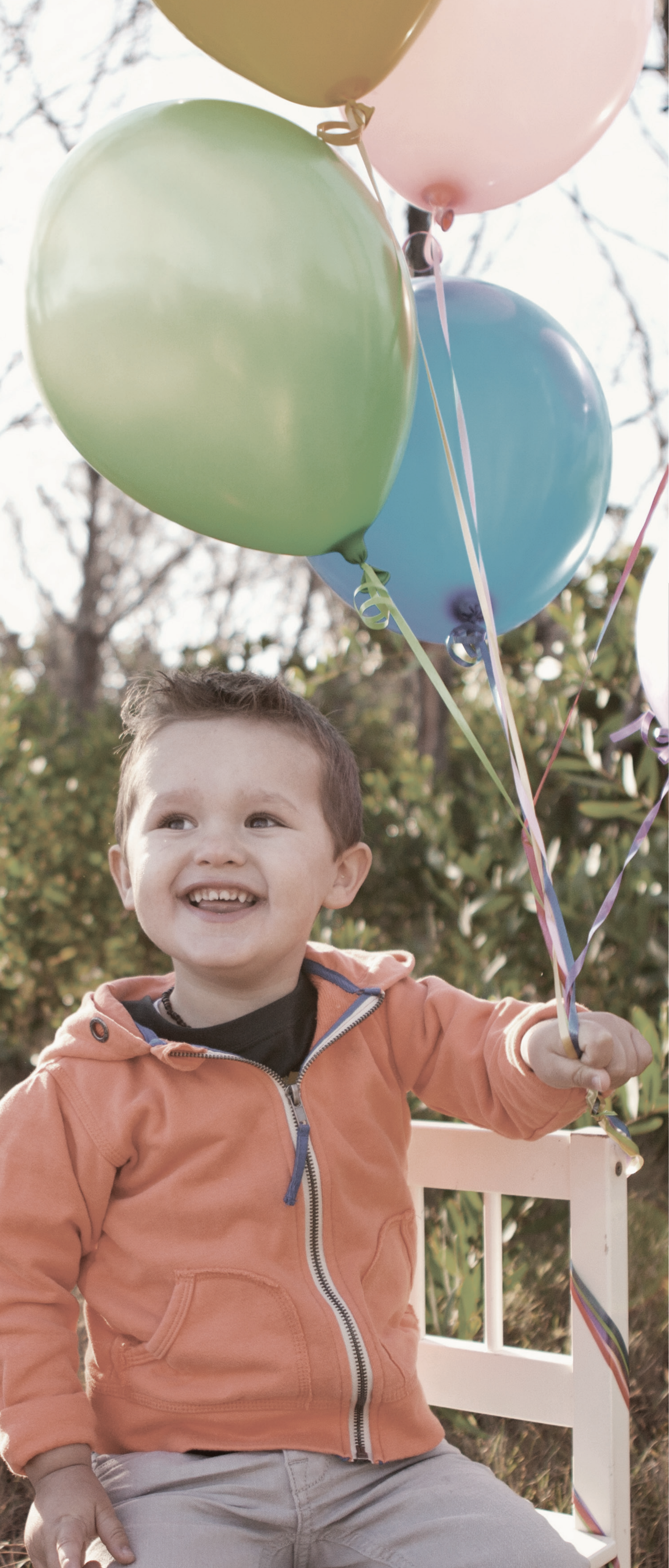
On 3 August 2015 the Group announced a variation of its existing finance arrangements with Bank of Western Australia which includes a new $50m undrawn senior debt facility, available for the purpose of refinancing Affinity Education's existing debt arrangements with the Commonwealth Bank of Australia and that it had undertaken a debt issuance under its Multicurrency Debt Issuance Program of SGD $155 million.

The Group also announced on 3 August 2015 an unconditional on market cash offer of $0.80 per fully paid ordinary share of Affinity Education that it does not already own. The Group will fund the cash offer from the proceeds of the debt issue.

Compliance Statement

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

Chris Scott
Managing Director
Varsity Lakes,
10 August 2015



G8 Education ltd

Interim Financial Report

30 June 2015

BRANDS

Sandcastles

The Learning Sanctuary
A safe place for children to grow

jellybeans
Child Care & Kindy

Community KIDS

Kindy Patch Kids
Your Child Is Our Priority

Creative Garden
Early Learning

Early Learning Services
Committed to Child Care

FirstGrammar
Early Education Centres

GREAT BEGINNINGS
EARLY EDUCATION FOR LIFE

NurtureOne
"Nurturing Enquiring Minds"

headstart
EARLY LEARNING CENTRES

World of Learning

Pelican Childcare
Early Learning Centres
CHILDCARE WITH A CONSCIENCE™

Casa Bambini
Early Education Centre

Penguin Childcare
Early Learning Centres
BETTER BEGINNINGS · BETTER FUTURES

koolkids
early learning centres

BAMBINO'S
KINDERGARTEN
0-5 YEARS

buggles
early learning and kindy

Kinder Haven
Committed to growing the whole child

Table of Contents

Corporate Directory

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

Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of G8 Education Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2015.

Directors

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

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

M Reynolds was appointed as a director on 17 March 2015 and continues in office at the date of this report. A Kemp was a director from the beginning of the financial year until his resignation on 17 March 2015.

Principal Activities

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

Review of Operations

Over the course of the half-year 2015 the Group continued to execute on its core strategies of disciplined portfolio growth and the provision of exceptional early education services to our families and their communities.

A total of 21 new centres were added to the Group in the period. These centres were located across Australia and met all of our key selection criteria so as to ensure a complementary fit to our broader portfolio and an immediate positive contribution to profitability.

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Rounding of Amounts

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Auditor

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

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

Chris Scott
Managing Director
10 August 2015

HLB Mann Judd

Accountants | Business and Financial Advisers

G8 EDUCATION LIMITED
ABN 95 123 828 553

AUDITOR'S INDEPENDENCE DECLARATION – REVIEW

As lead auditor for the review of the consolidated financial report of G8 Education Limited for the half-year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) any applicable code of professional conduct in relation to the review.

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

A B Narayanan
Partner

Brisbane
10 August 2015

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

Consolidated Income Statement

	Notes	Consolidated 30 June 2015 $'000	Consolidated 30 June 2014 $'000
Revenue from continuing operations		305,700	187,245
Other income		5,182	12
Total revenue		**310,882**	**187,257**
Expenses			
Employee benefits		(175,833)	(110,645)
Occupancy		(37,549)	(23,395)
Direct costs of providing services		(23,784)	(15,688)
Amortisation		(1,335)	(326)
Depreciation	5	(4,018)	(2,029)
Other expenses		(10,219)	(5,083)
Finance costs		(20,522)	(6,648)
Total expenses		**(273,260)**	**(163,814)**
Profit before income tax		**37,622**	**23,443**
Income tax expense		(9,382)	(7,134)
Profit for the half year		**28,240**	**16,309**
		Cents	**Cents**
Basic earnings per share		7.84	5.21
Diluted earnings per share		7.84	5.21

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

Consolidated Statement of Comprehensive Income

	Consolidated	
	30 June 2015 $'000	30 June 2014 $'000
Profit for the half year	**28,240**	**16,309**
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(1,477)	(1,354)
Reclassification of interest rate derivative	-	171
Items that will not be reclassified to profit or loss	-	-
Other comprehensive income for the half year	**(1,477)**	**(1,183)**
Total comprehensive income for the half year	**26,763**	**15,126**

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

Consolidated Balance Sheet

	Notes	Consolidated 30 June 2015 $'000	Consolidated 31 December 2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents		83,210	120,804
Trade and other receivables		13,457	14,164
Current assets—other	4	23,601	13,642
Current tax assets		3,830	-
Total current assets		**124,098**	**148,610**
Non-current assets			
Property, plant and equipment	5	32,558	29,575
Deferred tax assets		17,805	15,448
Goodwill	6	856,516	809,162
Total non-current assets		**906,879**	**854,185**
Total assets		**1,030,977**	**1,002,795**
LIABILITIES			
Current liabilities			
Trade and other payables		84,245	75,567
Employee entitlements		19,107	18,110
Derivative financial instruments		173	230
Current tax liabilities		-	9,655
Total current liabilities		**103,525**	**103,562**
Non-current liabilities			
Borrowings	7	364,708	352,944
Other payables		742	652
Employee entitlements		3,452	3,628
Total non-current liabilities		**368,902**	**357,224**
Total liabilities		**472,427**	**460,786**
Net assets		**558,550**	**542,009**
EQUITY			
Contributed equity		578,613	548,374
Reserves		23,791	27,256
Retained earnings		(43,854)	(33,621)
Total equity		**558,550**	**542,009**

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

Consolidated Statement of Changes in Equity

Consolidated	Contributed Equity $'000	Cash Flow Hedge Reserve $'000	Foreign Currency Reserve $'000	Share Based Payments Reserve $'000	Profits Reserve $'000	Retained Earnings $'000	Total $'000
Balance 1 January 2014	**302,001**	**(171)**	**3,287**	**-**	**15,768**	**(16,099)**	**304,786**
Profit for the half year	-	-	-	-	-	16,309	16,309
Other comprehensive income	-	171	(1,482)	-	-	128	(1,183)
Total comprehensive income for the half year	**-**	**171**	**(1,482)**	**-**	**-**	**16,437**	**15,126**
Transactions with owners in their capacity as owners							
Contributions of equity, net of transaction cost	137,109	-	-	-	-	-	137,109
Transfer of profits reserve	-	-	-	-	12,729	(12,729)	-
Dividends provided for or paid	-	-	-	-	(25,452)	-	(25,452)
	137,109	**-**	**-**	**-**	**(12,723)**	**(12,729)**	**111,657**
Balance 30 June 2014	**439,110**	**-**	**1,805**	**-**	**3,045**	**(12,391)**	**431,569**
Balance 1 January 2015	**548,374**	**-**	**4,512**	**-**	**22,744**	**(33,621)**	**542,009**
Profit for the half year	-	-	-	-	-	28,240	28,240
Other comprehensive income	-	-	1,477	-	-	-	1,477
Total comprehensive income for the half year	**-**	**-**	**1,477**	**-**	**-**	**28,240**	**29,717**
Transactions with owners in their capacity as owners							
Contributions of equity, net of transaction cost	30,239	-	-	-	-	-	30,239
Transfer of profits reserve	-	-	-	-	38,473	(38,473)	-
Employee share option expense	-	-	-	37	-	-	37
Dividends provided for or paid	-	-	-	-	(43,452)	-	(43,452)
	30,239	**-**	**-**	**37**	**(4,979)**	**(38,473)**	**(13,176)**
Balance 30 June 2015	**578,613**	**-**	**5,989**	**37**	**17,765**	**(43,854)**	**558,550**

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

Consolidated Statement of Cash Flows

	Consolidated	
	30 June 2015 $'000	30 June 2014 $'000
Cash flows from operating activities		
Receipts from customers	305,362	191,172
Payments to suppliers and employees	(241,934)	(161,728)
Interest received	1,537	1,731
Interest paid and borrowing costs	(10,101)	(5,246)
Income tax paid	(19,475)	(11,424)
Net cash inflows from operating activities	**35,389**	**14,505**
Cash flows from investing activities		
Payments for purchase of businesses (net of cash acquired)	(53,607)	(218,015)
Payments for property, plant and equipment	(6,833)	(5,620)
Proceeds from repayments of loans	-	1,642
Net cash outflows from investing activities	**(60,440)**	**(221,993)**
Cash flows from financing activities		
Proceed from the issue of shares	12,889	116,173
Share and corporate note issue costs	(260)	(4,155)
Proceeds from the issue of corporate notes	-	195,091
Repayment of borrowings	-	(46,592)
Dividends paid	(25,433)	(12,996)
Net cash (outflows)/inflows from financing activities	**(12,804)**	**247,521**
Net (decrease)/increase in cash and cash equivalents	**(37,855)**	**40,033**
Cash and cash equivalents at the beginning of the financial year	120,804	114,043
Effects of exchange rate	261	(134)
Cash and cash equivalents at the end of the financial year	**83,210**	**153,942**

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

Notes to the interim financial report

1. Basis of preparation of half year reporting period ended 30 June 2015

This condensed consolidated interim financial report for the half year reporting period ended 30 June 2015 is a general purpose financial report and has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 insures compliance with IAS 134 "Interim Financial Reporting".

This condensed consolidated interim financial report does not include all notes of the type normally included in an annual financial report. Accordingly, it is to be read in conjunction with the annual report for the year ended 31 December 2014 and any public announcements made by G8 Education Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX listing rules.

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

G8 Education Ltd is a for-profit organisation.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. The disclosure in the 31 December 2015 annual report will reflect these new standards where required.

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

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2018 but is available for early adoption. There will be no impact on the Group's accounting for financial liabilities or financial assets as it impacts available for sale financial assets and accounting for financial liabilities that are designated at fair value through profit and loss, and the Group does not have any such assets or liabilities. The derecognition rules have been transferred to the new standard from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

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

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

AASB 15 Revenue from contracts with customers 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.

Accounting policy changes will arise in timing of revenue recognition, treatment of contract costs and contracts which contain a financing element. AASB 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.

1. Basis of preparation of half year reporting period ended 30 June 2015—continued

The standard will be applicable to annual reporting periods beginning on or after 1 January 2017 but is available for early adoption. The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

The Group has neither assessed the impact of AASB 15 nor decided to early adopt the standard.

(c) Seasonality

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

2. Segment information

a) Description of Segments

Management has determined the operating segments based on the reports reviewed by the Board (being the Chief Operating Decision Maker) that are used to make strategic decisions.

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

All revenue in this report was derived from external customers and relates to the single operating segment.

The total profit represents the segment profit and all balance sheet items relate to the single operating segment.

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

	Australia $'000	Foreign Country $'000	Total $'000
30 June 2015			
Revenue from external customers	304,804	6,078	310,882
Non current assets	877,726	29,153	906,879
30 June 2014			
Revenue from external customers	181,542	5,715	187,257
Non current assets	577,800	24,664	602,464

3. Profit for the half year

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

	30 June 2015 $'000	30 June 2014 $'000
Expenses		
Legal expenses, stamp duty and other costs relating to acquisitions	513	545
Amortisation of facility establishment costs upon refinance	-	808
Translation expense on revaluation of notes issued in Singapore dollars	10,470	343
Total	**10,983**	**1,696**

Income		
Deferred consideration write back	4,591	-
Total	**4,591**	-

4. Current Assets - Other

	30 June 2015 $'000	31 December 2014 $'000
Prepayments	3,489	3,481
Deposits	1,111	1,362
Deposits on acquisitions	19,001	8,799
Total current assets—other	**23,601**	**13,642**

5. Property, Plant and Equipment

	Buildings $'000	Vehicles $'000	Furniture, fittings and equipment $'000	Total $'000
As at 31 December 2014				
Cost	5,046	1,634	37,065	43,745
Accumulated depreciation	(444)	(683)	(13,043)	(14,170)
Net book amount	**4,602**	**951**	**24,022**	**29,575**
Half-year ended 30 June 2015				
Opening net book amount	**4,602**	**951**	**24,022**	**29,575**
Effects of exchange rate changes	-	-	56	56
Additions - other	-	24	7,199	7,223
Additions - business combinations	-	-	43	43
Reclassification to assets held for sale and other disposals	-	(273)	(48)	(321)
Depreciation charge	(76)	(64)	(3,878)	(4,018)
Closing net book amount	**4,526**	**638**	**27,394**	**32,558**
As at 30 June 2015				
Cost	5,046	1,385	44,315	50,746
Accumulated depreciation	(520)	(747)	(16,921)	(18,188)
Net book amount	**4,526**	**638**	**27,394**	**32,558**

6. Goodwill

	Goodwill $'000
At 31 December 2014	
Cost	820,214
Accumulated impairment	(11,052)
Net book amount	**809,162**
Half year ended 30 June 2015	
Opening net book amount	**809,162**
Effect of movements in exchange rates	1,162
Additions	48,769
Adjustment in respect of prior year acquisitions	(2,577)
Closing net book amount	**856,516**
At 30 June 2015	
Cost	867,568
Accumulated impairment	(11,052)
Net book amount	**856,516**

7. Non-Current Borrowings

As at 30 June 2015 the Group has the following unsecured corporate notes:

Issue Date	Term	Amount	Maturity
7 August 2013	6 years	$70 million	August 2019 – fixed coupon 7.65% pa
3 March 2014	4 years	$50 million	March 2018 – floating rate coupon 3.90% over the 90 day bank bill reference rate
12 May 2014	3 years	SGD $175 million	May 2017 – fixed coupon 4.75% pa
25 August 2014	2.75 years	SGD $85 million	May 2017—fixed coupon 4.75% pa

7. Non-current borrowings—continued

As at 30 June 2015, the contractual maturities of the Group's non-derivative financial liabilities were as follows:

	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years	Total Contractual Cashflows	Carrying Amount (Assets)/ Liabilities
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 30 June 2015							
Non-derivatives							
Corporate Note	10,575	10,864	362,870	101,647	-	485,956	364,708
Deferred centre acquisition	1,556	3,610	3,980	202	510	9,858	9,339
Trade and other payables	70,677	-	-	-	-	70,677	70,677
Total non-derivative	**82,808**	**14,474**	**366,850**	**101,849**	**510**	**566,491**	**444,724**
At 31 December 2014							
Non-derivatives							
Corporate Note	10,334	10,618	22,120	436,635	-	479,707	352,944
Deferred centre acquisition	5,501	1,311	3,041	191	482	10,526	10,433
Trade and other payables	63,496	-	-	-	-	63,496	63,496
Total non-derivative	**79,331**	**11,929**	**25,161**	**436,826**	**482**	**553,729**	**426,873**

8. Equity Securities Issued

	2015 Shares	2014 Shares	2015 $'000	2014 $'000
Issues of ordinary shares during the half-year				
Issuance of shares net of transaction costs	3,287,967	28,392,110	12,902	129,035
Dividend reinvestment plan	4,952,842	2,246,259	17,337	8,074
Issuance of shares to Key Management Personnel	3,122,198	-	-	-
	11,363,007	**30,638,369**	**30,239**	**137,109**

On 21 May 2015 the Company obtained shareholder approval to offer:

- The nominee of Chris Scott, Managing Director the right to acquire 1,000,000 Shares at $5.00 per Share with a total value of $5,000,000;
- The nominee of Jason Roberts, Chief Executive Officer the right to acquire 1,000,000 Shares at $5.00 per Share with a total value of $5,000,000;
- The nominee of Chris Sacre, Chief Financial Officer the right to acquire 1,000,000 Shares at $5.00 per Share with a total value of $5,000,000;
- The nominee of Ann Perriam, Junior Executive, the right to acquire 122,198 Shares at $5.00 per Share with a total value of $610,990.

The Company has granted a limited recourse, interest free loan to each of the nominees of the above members of the Company's senior management team to subscribe for the Shares.

The Shares have been issued to the nominees of the Company's senior management team to provide further incentive to perform and to secure the ongoing commitment of each of them to the continued growth of the Company. The shares were issued on 16 June 2015.

9. Dividends

	30 June 2015 $'000	30 June 2014 $'000
Ordinary Shares		
Dividends paid or provided for during the half-year	43,452	25,452

10. Business Combinations

State	NSW/VIC QLD/WA	NSW	VIC	WA	VIC	VIC	NSW	SA	TOTAL
Number of centres	**10**	**1**	**1**	**2**	**1**	**3**	**2**	**1**	**21**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Purchase consideration									
Cash consideration	15,469	3,223	2,747	4,716	3,478	8,902	2,624	3,564	44,723
Contingent consideration	550	-	-	-	1,400	-	2,200	-	4,150
Purchase price adjustments	(1,120)	(238)	(142)	(47)	60	(206)	(720)	(704)	(3,117)
Total purchase consideration	**14,899**	**2,985**	**2,605**	**4,669**	**4,938**	**8,696**	**4,104**	**2,860**	**45,756**
Assets & liabilities acquired at fair value									
Property, plant & equipment	23	11	9	-	-	-	-	-	43
Payables	(123)	(7)	(35)	(5)	92	(23)	-	-	(101)
Employee benefit liabilities	(330)	(214)	(91)	(48)	(22)	(176)	-	-	(881)
Net identifiable assets / (liabilities) acquired	(430)	(210)	(117)	(53)	70	(199)	-	-	(939)
Estimated net unidentifiable assets/(liabilities) held in trust pending final adjustments	(651)	-	-	-	-	-	(720)	(704)	(2,075)
Goodwill	15,980	3,195	2,722	4,722	4,868	8,895	4,824	3,564	48,770
	14,899	**2,985**	**2,605**	**4,669**	**4,938**	**8,696**	**4,104**	**2,860**	**45,756**
Revenue & profit contribution from the date of acquisition to period end									
Revenue	2,977	795	819	1,334	502	905	69	21	7,422
Profit before tax	286	243	147	306	10	167	(18)	(11)	1,130

Contingent Consideration

Where the Group has a contingent consideration in the table above there is 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 settlement.

11. Fair value measurements

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- 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
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table present the Group's assets and liabilities measured and recognised at fair value on a recurring basis at 30 June 2015 and 31 December 2014:

At 30 June 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Derivatives used for hedging	-	173	-	173

At 31 December 2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Derivatives used for hedging	-	230	-	230

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
Specific valuation techniques used to value financial 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 estimated future cash flows based on observable yield curves; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

12. Contingencies

Contingent liabilities

As at 30 June 2015 the Group had no contingent liabilities.

13. Events occurring after the balance sheet date

Subsequent to 30 June 2015 the Group announced it had acquired 46,051,790 (19.89%) fully paid ordinary shares in Affinity Education Group Limited (Affinity Education) and that it is offering to acquire all of the shares in Affinity Education that it does not already own via an all share offer of 1 fully paid ordinary share in G8 Education for every 4.25 fully paid ordinary shares in Affinity Education.

On 3 August 2015 the Group announced a variation of its existing finance arrangements with Bank of Western Australia which includes a new $50m undrawn senior debt facility, available for the purpose of refinancing Affinity Education's existing debt arrangements with the Commonwealth Bank of Australia and that it had undertaken a debt issuance under its Multicurrency Debt Issuance Program of SGD $155 million.

The Group also announced on 3 August 2015 an unconditional on market cash offer of $0.80 per fully paid ordinary share of Affinity Education that it does not already own. The Group will fund the cash offer from the proceeds of the debt issue.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 9 to 22 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half 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

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

Christopher Scott
Director
10 August 2015

G8 EDUCATION LIMITED
ABN 95 123 828 553

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of G8 Education Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of G8 Education Limited ("the company") which comprises the balance sheet as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

HLB Mann Judd

Accountants | Business and Financial Advisers

Independence

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

A B Narayanan
Partner

Brisbane
Date: 10 August 2015

G8 Education ltd

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