

29 OCTOBER 2015

Evolve announces acquisition of 100th ECE centre and files ASX quarterly cash flow report

Evolve Education Group Limited ("Evolve") announces the acquisition of its 100th Early Childhood Education ("ECE") centre. This acquisition is secured by an unconditional purchase contract which will be settled in November 2015.

As at 1 April, Evolve operated 86 centres, adding a further 13 centres during the first half of the 2015-16 financial year, up to 30 September 2015.

Evolve is required under ASX Listing Rule 4.7B to provide quarterly cash flow reports to the ASX (ASX Appendix 4C). This is because Evolve was admitted to the official list of ASX under ASX Listing Rule 1.3.2(b) as a result of its commitment to acquire a range of ECE businesses either on, or shortly after, listing.

The attached unaudited cash flow report is for the quarter ended 30 September 2015. Due to the four monthly cycle of Ministry of Education ("MOE") funding which is received on the first trading day of March, July and November each year, only one MOE funding payment was received during this quarter as well as during the six months ended 30 September 2015. This payment was received on 1 July 2015.

ENDS

For any further inquiries please contact:

Alan Wham

Chief Executive

Evolve Education Group Limited

Email: alan.wham@eeg.co.nz

Mobile: +64 27 582 4838

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Evolve Education Group Limited

ARBN

601 709 237

Quarter ended ("current quarter")

30-Sept-2015

Note: The consolidated statement of cash flows is unaudited.

Consolidated statement of cash flows

		Current quarter	1-April-15 to 30-September-15
		\$NZ'000	\$NZ'000
Cash flows related to operating activities			
1.1	Receipts from customers	44,008	53,525
	Payments for (a) staff costs	(18,867)	(37,083)
	(b) advertising and marketing	-	-
1.2	(c) research and development	-	-
	(d) leased assets	(4,465)	(8,512)
	(e) other working capital	(345)	(5,377)
1.3	Dividends received	59	59
1.4	Interest and other items of a similar nature received	19	102
1.5	Interest and other costs of finance paid	(315)	(427)
1.6	Income taxes paid	(1,932)	(2,782)
1.7	Other - Integration Costs	(199)	(205)
1.8	Other - Acquisition costs	(49)	(723)
1.9	Other (provide details if material)	(4,953)	(10,031)
Net operating cash flows		12,961	(11,454)
MOE funding is received by Evolve every four months. In the six months to 30 Sept 2015 MOE funding was received on 1 July 2015 only, with the next funding due on 1 November 2015 and then again on 1 March 2016.			

		Current quarter \$NZ'000	1-April-15 to 30- June-15 \$NZ'000
1.8	Net operating cash flows (carried forward)	12,961	(11,454)
	Cash flows related to investing activities		
	Payment for acquisition of:		
	(a) businesses (item 5)	(4,303)	(14,713)
1.9	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(760)	(1,151)
	(e) other non-current assets	-	-
	(f) cash included on consolidation of subsidiary	-	-
	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
1.10	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material)	-	-
	Net investing cash flows	(5,063)	(15,864)
1.14	Total operating and investing cash flows	(7,898)	(27,318)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	13,025	45,425
1.18	Repayment of borrowings	(20,000)	(20,000)
1.19	Dividends paid	-	-
1.20	Other (provide details if material)	11	-
	Net financing cash flows	(6,964)	25,425
	Net increase (decrease) in cash held	934	(1,893)
1.21	Cash at beginning of quarter/year to date	1,783	4,610
1.22	Exchange rate adjustments to item 1.20		
1.23	Cash at end of quarter	2,717	2,717

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter NZ'000
1.24	Aggregate amount of payments to the parties included in item 1.2, 1.8 & 1.9	468
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Please refer disclosures in the Prospectus.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

*Add notes as necessary for an
understanding of the position.*

		Amount available \$NZ'000	Amount used \$NZ'000
3.1	Loan facilities	90,000	25,425
3.2	Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

		Current quarter	Previous quarter
		\$NZ'000	\$NZ'000
4.1	Cash on hand and at bank	1,949	944
4.2	Deposits at call	768	839
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		2,717	1,783

Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity*	Refer below	
5.2	Place of incorporation or registration	New Zealand	
5.3	Consideration for acquisition or disposal**	4,303	
5.4	Total net assets		
5.5	Nature of business	Childcare	

*Name of Entity **Consideration for acquisition \$NZ '000

4 separate childcare centres and acquisition completion payments re Au Pair.

4,303

Total 4,303

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here:


.....

Date: 29 Oct 2015

(Director/Company
secretary)

Print name:

VIVEK SINGH
.....

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.

3 **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.

