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 2016
Previous Corresponding Reporting Period	Half-Year ended 30 June 2015

Results for Announcement to the Market

	Percentage change Up or Down	%		$'000
Revenue from ordinary activities	Up	18%	to	357,951
Profit from ordinary activities after tax attributable to members	Down	12%	To	24,871
Profit for the period attributable to members	Down	12%	to	24,871

Dividends	Amount per Security	Franked amount per security
Interim Quarterly Dividend – Current Reporting Period		
December 2015 Quarter	6.00 Cents	100%
March 2016 Quarter	6.00 Cents	100%
June 2016 Quarter	6.00 Cents	100%
Record date for determining entitlements to dividends		
March 2016 Quarter	24 March 2016	
June 2016 Quarter	20 June 2016	
Date dividend payable		
March 2016 Quarter	08 April 2016	
June 2016 Quarter	08 July 2016	
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 2016	June 2015
Net Tangible Assets (Liabilities) per Security	(0.96) Cents	(0.83) Cents

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

Over the course of the half-year 2016 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 9 new centres were added to the Group in the period. These centres were located across Australia and Singapore and met all of our key selection criteria so as to ensure a complementary fit to our broader portfolio.

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.

From a financial perspective the Group reported half year total revenues of $361m, up 16% and half year net profit after tax of $24.9m down 12% as a result of $10m of borrowing costs being amortised due to the refinancing of the Series 001 S$260m corporate notes. The Group successfully raised S$270m (Series 003) of Senior Unsecured Notes issued under G8's SGD600 million Multicurrency Issuance Program which has secured access to capital over the next 3 years. Underlying group EBIT was $57.4m up 8.5% in comparison to the same reporting period last year.

Underpinning this performance was the positive earnings contributions from 23 childcare centres acquired in the second half of 2015 and recent acquisition of 9 centres during the half year 30 June2016.

The table below illustrates the reported Earnings Before Interest and Tax to underlying Earnings Before Interest and Tax.

	30 June 2016 $'000	30 June 2015 $'000	Variance
Revenue#	360,254	309,728	16%
Expenses	(300,291)	(252,738)	19%
Financing Cost#	(25,275)	(19,368)	30%
Net Profit Before Tax	**34,688**	**37,622**	**(8%)**
Net Profit After Tax	**24,871**	**28,240**	**(12%)**
Less non-operating transactions:			
Acquisition expenses	272	513	
Deferred consideration not paid	(2,500)	(4,591)	
Share based payment expense *	(288)	37	
Write off of borrowing costs on refinance*^	7,033	-	
Foreign currency translation loss*^	2,652	7,329	
Underlying Net Profit After Tax	**32,040**	**31,528**	**2%**
Underlying EPS (cents per share)	**8.53**	**8.75**	**(3%)**
Earnings Before Interest and Tax	**59,963**	**56,990**	
Less non-operating transactions:			
Acquisition expenses	272	513	
Deferred consideration not paid	(2,500)	(4,591)	
Share based payment expense *	(288)	37	
Underlying Earnings Before Interest and Tax	**57,447**	**52,949**	**8%**

#Revenue excludes interest income of $897k in 2016 and $1.154m in 2015, with interest income being included in net financing costs.

*Non cash adjustment

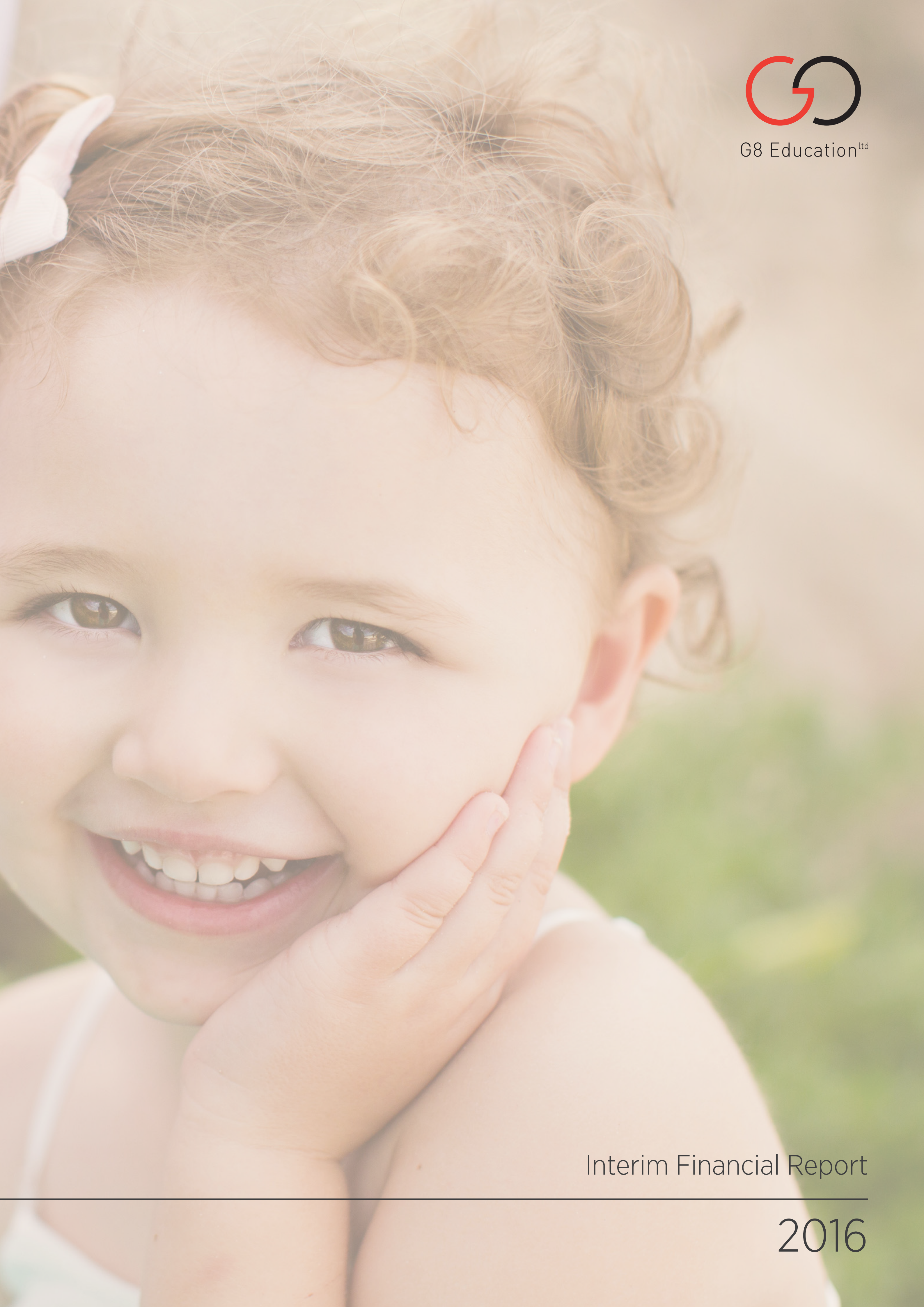
^These items have been tax effected

°EBIT equals NPBT plus finance costs

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,
15 August 2016



G8 Education Ltd

Interim Financial Report

2016

Brands

FirstGrammar
Early Education Centre

Creative Garden
Early Learning Centre

Community KIDS

Kinder Haven
Committed to growing the whole child

GREAT BEGINNINGS
EARLY EDUCATION FOR LIFE

buggles
early learning and kindy

Sandcastles

Early Learning Services
Committed to Child Care

Penguin Childcare
Early Learning Centres
BETTER BEGINNINGS · BETTER FUTURES

World of Learning

THE LEARNING SANCTUARY
A safe place for children to grow

kool kids
early learning centres

NurtureOne
"Nurturing Enquiring Minds"

Pelican Childcare
Early Learning Centres
CHILDCARE WITH A CONSCIENCE™

jellybeans
Child Care & Kindy

Kindy Patch Kids
Your Child Is Our Priority

headstart
EARLY LEARNING CENTRES

Casa Bambini
Early Education Centre

BAMBINO'S
KINDERGARTEN

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Corporate Directory

Directors	Mark Johnson Chairman Christopher Scott Managing Director Brian Bailison Non - Executive Director Susan Forrester Non - Executive Director David Foster Non—Executive Director Matthew Reynolds Non - Executive Director
Company Secretary	Maria Forgione
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	Ernst & Young 111 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 2016.

Directors

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

- M Johnson (appointed 1 January 2016)
- C Scott
- B Bailison
- S Forrester
- D Foster (appointed 1 February 2016)
- M Reynolds

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 2016 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 9 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.

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 environment, both inside and out.

From a financial perspective the Group reported half year total revenues of $361m, up 16% and half year net profit after tax of $24.9m down 12% as a result of $10m of borrowing costs being amortised due to the refinancing of the Series 001 S$260m corporate notes. The Group successfully raised S$270m (Series 003) of Senior Unsecured Notes issued under G8's SGD600 million Multicurrency Issuance Program which has secured access to capital over the next 3 years. Underlying group EBIT was $57.4m up 8.5% in comparison to the same reporting period last year.

Underpinning this performance was the positive earnings contributions from 23 childcare centres acquired in the second half of 2015 and the 9 centres acquired during the first six months of 2016.

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

	30 June 2016 $000	30 June 2015 $000
Revenue#	360,254	309,728
Expenses	(300,291)	(252,738)
Net Financing cost#	(25,275)	(19,368)
Net profit before tax	**34,688**	**37,622**
Net profit after tax	**24,871**	**28,240**
Add/(less) non operating transactions:		
Acquisition related costs	272	513
Deferred consideration not paid*	(2,500)	(4,591)
Share based payment expense*	(288)	37
Write off of borrowing costs on refinance*^	7,033	-
Foreign currency translation loss*^	2,652	7,329
Underlying net profit after tax	**32,040**	**31,528**
Underlying EPS (cents per share)	**8.53**	**8.75**
Earnings Before Interest and Tax°	**59,963**	**56,990**
Add/(less) non operating transactions:		
Acquisition related costs	272	513
Deferred consideration not paid*	(2,500)	(4,591)
Share based payment expense*	(288)	37
Underlying Earnings Before Interest and Tax	**57,447**	**52,949**

#Revenue excludes interest income of $897k in 2016 and $1.154m in 2015, with interest income being included in net financing costs.

*Non cash adjustment

^These items have been tax effected

°EBIT equals NPBT plus finance costs

Rounding of Amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, 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

Ernst and Young was appointed as auditor on 25 May 2016 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
15 August 2016

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

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Fax: +61 7 3011 3100
ey.com/au

Auditor's Independence Declaration to the Directors of G8 Education Limited

As lead auditor for the review of G8 Education Limited for the half-year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of 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 financial period.

Ernst & Young

Ric Roach
Partner
15 August 2016

Consolidated Income Statement

	Notes	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
Revenue from continuing operations		357,951	304,546
Other income	3	3,200	6,336
Total revenue		**361,151**	**310,882**
Expenses			
Employee benefits		(209,796)	(175,833)
Occupancy		(43,148)	(37,549)
Direct costs of providing services		(28,870)	(23,784)
Depreciation	5	(6,100)	(4,018)
Other expenses		(12,377)	(10,219)
Finance costs		(26,172)	(21,857)
Total expenses		**(326,463)**	**(273,260)**
Profit before income tax		**34,688**	**37,622**
Income tax expense		(9,817)	(9,382)
Profit for the half year		**24,871**	**28,240**
			Cents
Basic earnings per share		6.62	7.84
Diluted earnings per share		6.62	7.84

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

Consolidated Statement of Comprehensive Income

	Consolidated	
	30 June 2016 $'000	30 June 2015 $'000
Profit for the half year	**24,871**	**28,240**
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	1,308	1,477
Effective portion of changes in fair value of cash flow hedge (net of tax)	**(3,559)**	-
Other comprehensive income for the half year	**(2,251)**	**1,477**
Total comprehensive income for the half year	**22,620**	**29,717**

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

Consolidated Balance Sheet

	Notes	Consolidated 30 June 2016 $'000	Consolidated 31 December 2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents		39,827	193,840
Trade and other receivables		19,535	22,943
Other current assets	4	10,629	9,754
Current tax asset		16,062	-
Total current assets		**86,053**	**226,537**
Non-current assets			
Property, plant and equipment	5	46,640	41,370
Deferred tax assets		11,757	21,678
Goodwill	6	959,909	944,604
Derivative financial instruments	11	3,561	-
Total non-current assets		**1,021,867**	**1,007,652**
Total assets		**1,107,920**	**1,234,189**
LIABILITIES			
Current liabilities			
Trade and other payables		78,247	83,054
Borrowings	7	20,000	148,891
Employee entitlements		23,175	22,824
Current tax liability		-	4,400
Derivative financial instruments	11	-	1,184
Total current liabilities		**121,422**	**260,353**
Non-current liabilities			
Borrowings	7	376,231	366,270
Other payables		635	712
Employee entitlements		5,004	4,069
Derivative financial instruments	11	4,050	-
Total non-current liabilities		**385,920**	**371,051**
Total liabilities		**507,342**	**631,404**
Net assets		**600,578**	**602,785**
EQUITY			
Contributed equity	8	623,601	603,043
Reserves		27,641	43,635
Retained earnings		(50,664)	(43,893)
Total equity		**600,578**	**602,785**

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

Consolidated Statement of Changes in Equity

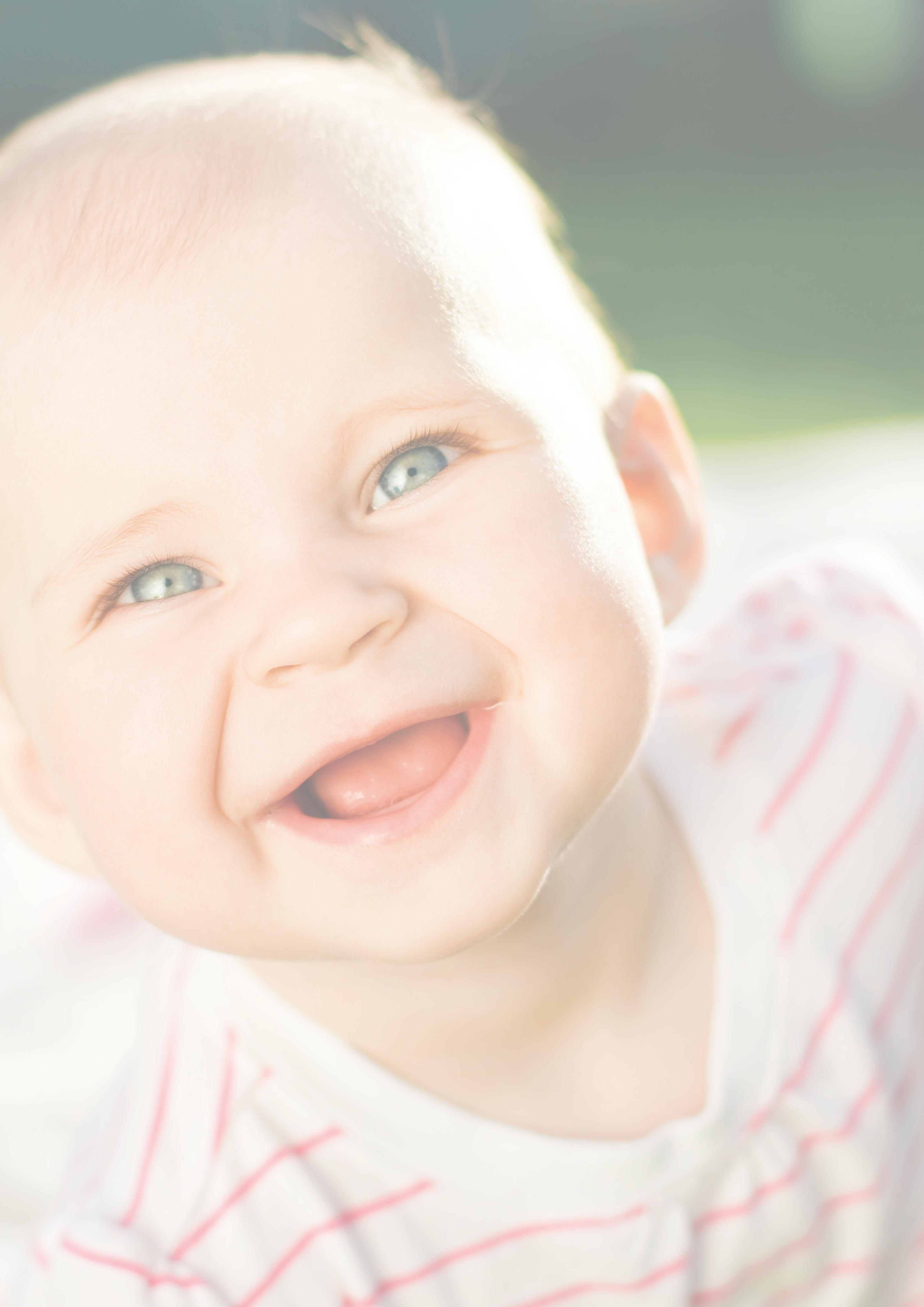
Consolidated	Contributed Equity $'000	Cash Flow Hedge Reserve $'000	Foreign Currency Reserve $'000	Share Based Payments Reserve $'000	Profits Reserve $'000	Retained Earnings $'000	Total $'000
Balance 1 January 2015	**548,374**	-	**4,512**	-	**22,744**	**(33,621)**	**542,009**
Profit for the half year	-	-	-	-	-	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**
Balance 1 January 2016	**603,043**	**3,559**	**6,026**	**344**	**33,706**	**(43,893)**	**602,785**
Profit for the half year	-	-	-	-	-	24,871	24,871
Other comprehensive income	-	(3,559)	1,308	-	-	-	(2,251)
Total comprehensive income for the half year	-	**(3,559)**	**1,308**	-	-	**24,871**	**22,620**
Transactions with owners in their capacity as owners							
Contributions of equity, net of transaction cost	20,558	-	-	-	-	-	20,558
Transfer of profits reserve	-	-	-	-	31,642	(31,642)	-
Employee share option expense	-	-	-	(288)	-	-	(288)
Dividends provided for or paid	-	-	-	-	(45,097)	-	(45,097)
	20,558	-	-	**(288)**	**(13,455)**	**(31,642)**	**(24,827)**
Balance 30 June 2016	**623,601**	-	**7,334**	**56**	**20,251**	**(50,664)**	**600,578**

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

Consolidated Statement of Cash Flows

	Note	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
Cash flows from operating activities			
Receipts from customers		367,704	305,362
Payments to suppliers and employees		(304,098)	(241,934)
Interest received		1,051	1,537
Interest paid		(11,919)	(10,101)
Income tax paid		(19,565)	(19,475)
Net cash inflows from operating activities		**33,173**	**35,389**
Cash flows from investing activities			
Payments for purchase of businesses (net of cash acquired)	10	(14,593)	(53,607)
Payments for property, plant and equipment		(11,335)	(6,833)
Net cash outflows from investing activities		**(25,928)**	**(60,440)**
Cash flows from financing activities			
Proceeds from the issue of shares		6,537	12,889
Share and corporate note issue costs		(12,499)	(260)
Proceeds from borrowings		20,000	-
Proceeds from corporate notes		269,281	-
Repayment of corporate notes		(411,208)	-
Proceeds from financial assets		8,281	-
Payments from financial assets		(11,028)	-
Dividends paid		(30,852)	(25,433)
Net cash (outflows)/inflows from financing activities		**(161,488)**	**(12,804)**
Net (decrease)/increase in cash and cash equivalents		**(154,243)**	**(37,855)**
Cash and cash equivalents at the beginning of the financial year		193,840	120,804
Effects of exchange rate		230	261
Cash and cash equivalents at the end of the financial year		**39,827**	**83,210**

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 2016

This consolidated interim financial report for the half year reporting period ended 30 June 2016 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 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 2015 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 2016 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 arrangements would be affected by the new rules, and it has not yet decided whether to adopt 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 2016—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 completed an initial high level assessment on the impact of AASB 15 and has identified no material impact. An updated assessment will be provided at 31 December 2016.

AASB 16 will cause the majority of the leases of an entity to be brought onto the balance sheet. There are limited exceptions relating to short-term leases and low value assets which may remain off balance sheet. The standard is effective for periods beginning on or after 1 January 2019.

The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increase in lease payments.

A corresponding right to use asset will be recognised which will be amortised over the term of the lease.

Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges. The Group is currently undertaking an assessment of the impact of IFRS 16, with the results of this assessment to be provided at 31 December 2016.

(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.

As at 30 June 2016 current liabilities exceeded current assets by $35.4m. Excluding non-cash provisions of $23m and parent fees in advance of $21.2m which are not deemed by the Group as immediately repayable the Group would be in a net current asset position.

2. Segment information

a) Description of Segments

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions. The Board has been identified as the Chief Operating Decision Maker that makes 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.

2. Segment information—continued

	Australia $'000	Singapore	Total $'000
30 June 2016			
Revenue from external customers	350,648	7,303	357,951
Non current assets	976,926	33,184	1,010,110
30 June 2015			
Revenue from external customers	298,468	6,078	304,546
31 December 2015			
Non current assets	955,899	30,075	985,974

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 2016 $'000	30 June 2015 $'000
Expenses		
Legal expenses, stamp duty and other costs relating to acquisitions	272	513
Amortisation of borrowing costs and write off facility costs upon refinance	10,046	-
Translation expense on revaluation of notes issued in Singapore dollars and hedge FX movement	3,788	10,470
Total	**14,106**	**10,983**

Income		
Interest income	896	1,154
Gain/(Loss) on Disposal of PPE	(196)	591
Contingent consideration write back	2,500	4,591
Total	**3,200**	**6,336**

4. Current Assets - Other

	30 June 2016 $'000	31 December 2015 $'000
Prepayments	5,759	4,721
Deposits	3,575	3,442
Deposits on acquisitions	1,295	1,591
Total current assets—other	**10,629**	**9,754**

5. Property, Plant and Equipment

	Buildings $'000	Vehicles $'000	Furniture, fittings and equipment $'000	Total $'000
As at 31 December 2015				
Cost	5,046	1,386	58,483	64,915
Accumulated depreciation	(596)	(805)	(22,144)	(23,545)
Net book amount	**4,450**	**581**	**36,339**	**41,370**
Half-year ended 30 June 2016				
Opening net book amount	**4,450**	**581**	**36,339**	**41,370**
Effects of exchange rate changes			33	33
Additions - other			11,420	11,420
Additions - business combinations			21	21
Reclassification to assets held for sale and other disposals		(90)	(14)	(104)
Depreciation charge	(76)	(44)	(5,980)	(6,100)
Closing net book amount	**4,374**	**447**	**41,819**	**46,640**
As at 30 June 2016				
Cost	5,046	1,296	69,943	76,285
Accumulated depreciation	(672)	(849)	(28,124)	(29,645)
Net book amount	**4,374**	**447**	**41,819**	**46,640**

6. Goodwill

	Goodwill $'000
At 31 December 2015	
Cost	955,656
Accumulated impairment	(11,052)
Net book amount	**944,604**
Half year ended 30 June 2016	
Opening net book amount	**944,604**
Effect of movements in exchange rates	904
Additions (refer to note 10)	13,591
Adjustment in respect of prior year acquisitions*	810
Closing net book amount	**959,909**
At 30 June 2016	
Cost	970,961
Accumulated impairment	(11,052)
Net book amount	**959,909**

*Prior year adjustments relate to acquisitions where the goodwill balance at 31 December 2015 was provisional.

6. Goodwill—continued

G8 Education Limited assesses goodwill at an operating segment level being the consolidated group childcare centres. This assessment is consistent with prior periods.

The childcare centres goodwill is assessed by using a value in use calculation where the future cash flows of the centres are compared against the carrying value of the goodwill to assess if any impairment is required. There is no impairment required based on the impairment model completed as at 30 June 2016.

7. Borrowings

Current Borrowing

In April 2016 G8 Education drew down $20,000,000 from the $50m Bankwest facility. The facility termination date is 31 Decembers 2016 and interest is payable on variable rate basis.

Non Current Borrowings

As at 30 June 2016 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
18 May 2016	3 years	SGD $270 million	May 2019 – fixed coupon 5.50% pa

In May 2016 G8 Education raised S$270,000,000 pursuant to its third issue of Series 003 unsecured notes under its S$600,000,000 Multicurrency Debt Issuance Programme established on 2 May 2014. The notes mature on May 2019, with the proceeds of the issue being used to redeem the Series 001 Notes (S$260,000,000) that were previously issued under the programme.

The Group entered into interest rate swap transaction in May 2016 to fully hedge the foreign exchange exposure relating to the principal and interest repayments for the Series 003 notes. The fair value of the SGD $270m Series 003 notes at 30 June 2016 was AUD $271.9m.

7. Borrowings—continued

As at 30 June 2016, 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 2016							
Non-derivatives							
Corporate Note	13,585	14,036	88,424	431,544	-	547,589	376,231
Bankwest facility	20,664	-	-	-	-	20,664	20,000
Deferred centre acquisition	1,151	-	70	185	385	1,791	1,791
Trade and other payables	73,237	-	-	-	-	-	73,237
Derivatives							
Net settled	-	-	-	489	-	-	489
At 31 December 2015							
Non-derivatives							
Corporate Note	162,413	10,810	279,975	155,910	-	609,108	515,161
Deferred centre acquisition	400	3,180	71	195	521	4,367	4,367
Trade and other payables	63,571	-	-		-	63,571	63,571
Derivatives							
Net settled	1,184	-	-	-	-	-	1,184

8. Equity Securities Issued

	2016 Shares	2015 Shares	2016 $'000	2015 $'000
Issues of ordinary shares during the half-year				
Issuance of shares net of transaction costs	1,707,399	3,287,967	6,561	12,902
Dividend reinvestment plan	4,118,760	4,952,842	13,997	17,337
Issuance of shares to Key Management Personnel	(1,707,399)	3,122,198	-	-
	4,118,760	**11,363,007**	**20,558**	**30,239**

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, Executive Officer, 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.

8. Equity Securities Issued— continued

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.

The table below shows the transactions relating to the plan during the half year:

	Chris Scott	Jason Roberts	Chris Sacre	Ann Perriam
Balance 31 December 2015	1,000,000	1,000,000	1,000,000	122,198)
Shares cancelled or sold	(333,333)	(333,333)	(1,000,000)	(40,733)
Balance 30 June 2016	**666,667**	**666,667**	-	**81,465**

The table below shows the movement in the executive shares issued:

	Loan Amount	Share-based payment*
Chris Scott	3,333,335	(85,890)
Jason Roberts	3,333,335	(85,890)
Chris Sacre	-	(105,284)
Ann Perriam	407,325	(10,496)

*These expenses relate to the reversal of the share based payments due to the qualifying criteria not being met.

9. Dividends

	30 June 2016 $'000	30 June 2015 $'000
Ordinary Shares		
Dividends paid during the half-year	22,481	21,549
Dividends provided for during the half-year	22,616	21,903
Total	**45,097**	**43,452**

10. Business Combinations

State	NSW/VIC*	NSW*	VIC*	Singapore*	TOTAL
Number of centres	**4**	**1**	**2**	**2**	**9**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Purchase consideration					
Cash consideration	3,981	3,030	5,055	2,201	14,267
Contingent consideration	-	-	-	-	-
Purchase price adjustments	(380)	(97)	(735)	-	(1,212)
Total purchase consideration	**3,601**	**2,933**	**4,320**	**2,201**	**13,055**
Assets & liabilities acquired at fair value					
Property, plant & equipment	15	5	-	-	20
Payables	(13)	(23)	-	-	(36)
Employee benefit liabilities	(77)	(18)	-	-	(95)
Net identifiable assets / (liabilities) acquired	(75)	(36)	-	-	(111)
Estimated net unidentifiable assets/(liabilities) held in trust pending final adjustments	(140)	(20)	(240)	-	(400)
Exchange difference				(25)	(25)
Goodwill	3,816	2,989	4,560	2,226	13,591
	3,601	**2,933**	**4,320**	**2,201**	**13,055**
Revenue & profit contribution from the date of acquisition to period end 30 June 2016					
Revenue	1,480	224	180	362	2,246
Profit before tax	149	92	45	43	329

*Provisional balance

The performance of the acquired centres was reviewed based on settlement being at the start of the reporting period. The resulting increase in revenue and profits is considered immaterial.

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).

11. Fair value measurements—continued

The following table present the Group's assets and liabilities measured and recognised at fair value on a recurring basis at 30 June 2016 and 31 December 2015:

At 30 June 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Asset				
Derivatives	-	3,561	-	3,561
Liabilities				
Derivatives used for hedging	-	4,050	-	4,050
Contingent consideration	-	-	1,791	1,791

At 31 December 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Derivatives used for hedging	-	1,184	-	1,184
Contingent consideration	-	-	4,367	4,367

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. The fair value of the financial instrument equals the carrying value.

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.

On 18 May 2016 the Group entered into a foreign exchange rate swap agreement where by the group pays 6.54% on AUD 269,892,043 and receives 5.50% on SGD 270,000,000. This swap is being used to hedge the highly probable repayment of SGD denominated borrowings (Senior Unsecured Notes issued under G8's SGD600 million Multicurrency Issuance Program) by G8 Education, against changes to the AUD/SGD forward rate at inception of this hedging relationship. The swap has been designated as a fair value hedge for the outstanding S$270m Series 003 5.50% unsecured notes whereby the movements of the fair value of the swap are recognised in finance costs offset by similar movements on the borrowings. Further the Group entered into a call option to mitigate against the currency risk on the repayment of the S$270m bonds. The mark to market adjustment as at 30 June 2016 on this instrument has been reflected through the profit and loss.

In February 2016 the Group closed out an AUD/SGD put option that was purchased to hedge against the currency risk of the S$260m unsecured May 2017 notes. The gain on this instrument has been reflected though the profit and loss.

11. Fair value measurements—continued

Contingent consideration

As part of the purchase agreement with previous owners a portion of the consideration for the purchase of a childcare business was determined to be contingent, based on the performance of the acquired business.

The following table outlines the additional cash payments to the previous owners upon meeting specified performance conditions:

At 30 June 2016	Contingent consideration $'000	Carrying value $'000	Conditions
Acquisition of 1 Centre	100	100	12 month performance hurdle based on EBIT
Acquisition of 2 Centres	2,200	980	12 month performance hurdle based on EBIT
Acquisition of 1 centre	787	711	19 year occupancy hurdle based on licence capacity
Total	3,087	1,791	

A reconciliation of the fair value of the contingent consideration liability is provided below:

Initial fair value of the contingent consideration at acquisition date	5,005
Unrealised fair value changes recognised in profit and loss to year ended 31 December 2015	(638)
Financial liability for contingent consideration as at 31 December 2015	4,367
Fair value adjustments as 30 June 2016	(76)
Write back of contingent consideration performance condition not met	(2,500)
Total consideration payable	1,791

Adjustments to the contingent consideration from acquisition to 30 June 2016 were recognised in the statement of profit or loss. The fair value is determined using the discount cash flow method on contingent consideration payable over 1 year as such the carrying value is equal to the fair value.

12. Contingencies

Contingent liabilities

As at 30 June 2016 the Group had no contingent liabilities.

13. Events occurring after the balance sheet date

Subsequent to 30 June 2016 the Group has settled one childcare centre with a purchase price of $4.7m. This has not been included in the business combination note due to complete information not being available at the time of reporting. In line with the Groups acquisition policy it is expected that the majority of the purchase price will be allocated to goodwill.

Directors’ Declaration

In the Directors’ opinion:

(a) the financial statements and notes set out on pages 9 to 24 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 2016 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
15 August 2016

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To the members of G8 Education Limited

Report on the interim financial report

We have reviewed the accompanying interim financial report of G8 Education Limited, which comprises the consolidated balance sheet as at 30 June 2016, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the period.

Directors' Responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the interim 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 interim 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 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 2016 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of G8 Education Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration.

Conclusion

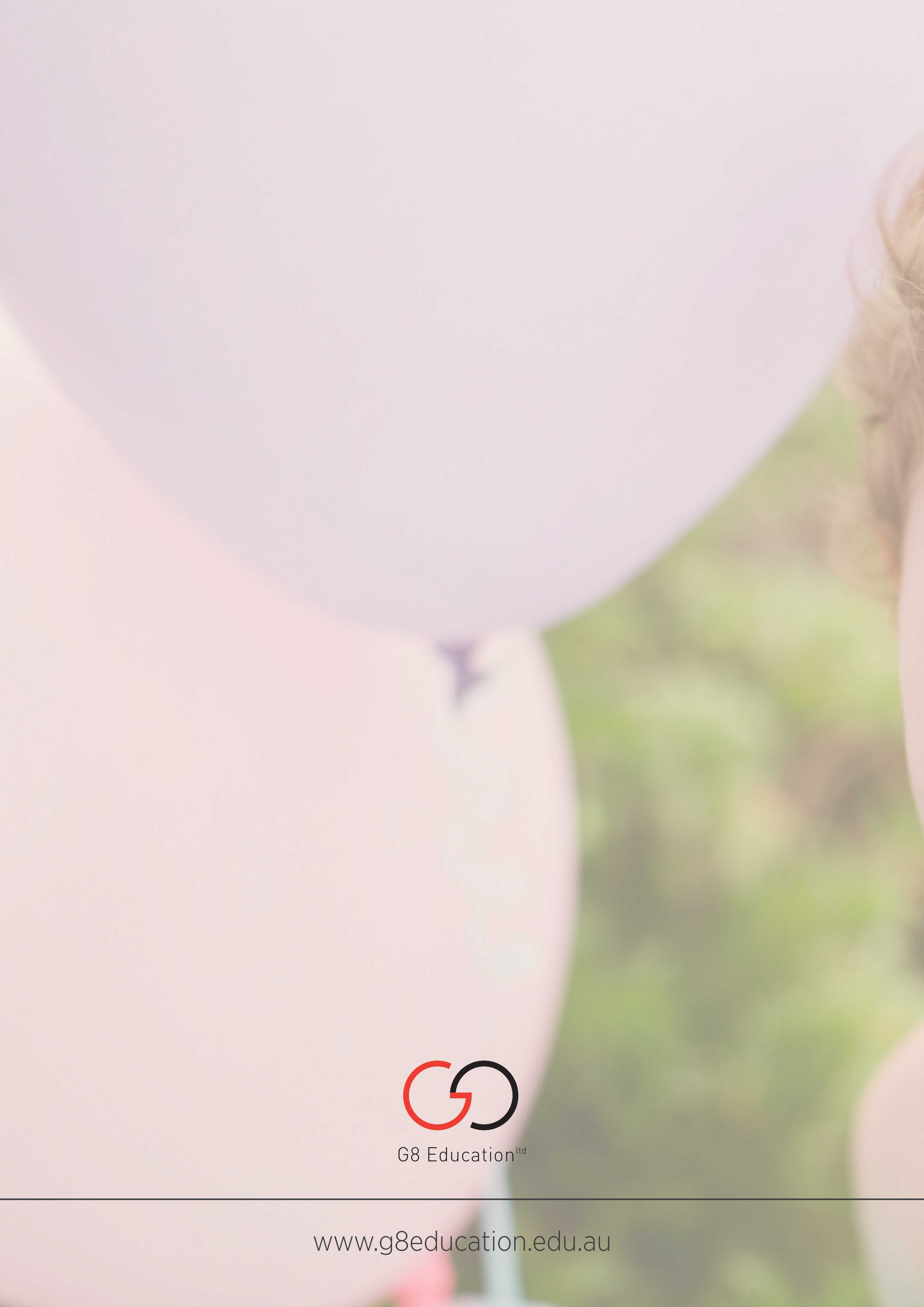
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of G8 Education Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 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*.

Ernst & Young

Ric Roach
Partner
Brisbane
15 August 2016



G8 Education ltd