



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 Supplemental Information Memorandum
(the "Guarantors")

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

The Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the 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 Original 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.

Application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in and the quotation for any Securities which are agreed at or prior to the time of issue thereof to be so listed on the Official List of the SGX-ST. Such permission will be granted when such Securities have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. The approval in-principle from, and admission to the Official List of, the SGX-ST and the quotation of any Securities on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Guarantors, their respective subsidiaries, associated companies (if any), joint venture companies (if any), the Programme and/or the Securities.

Arranger



TABLE OF CONTENTS

	Page
NOTICE	1
RECENT DEVELOPMENTS.....	5
APPENDICES	
I : GENERAL AND OTHER INFORMATION	8
II : UNAUDITED RESULTS OF G8 EDUCATION LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2014	12

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 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 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 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 Supplemental Information Memorandum or any such other document or information (or such part thereof) or into whose possession this 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 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 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 Supplemental Information Memorandum shall not reissue, circulate or distribute this Supplemental Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this 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 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 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 Supplemental Information Memorandum.

Neither this 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 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 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 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 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 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 Supplemental Information Memorandum to the extent that a statement contained in this 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 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 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 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 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 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 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

The Group has continued with its accretion acquisition strategy to expand its portfolio of childcare and education centres:

- On 3 April 2014, the Group announced that it has 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.

Following the recent round of acquisitions, as at the date of this Supplemental Information Memorandum, the Group owns 361 childcare and education centres and 78 centres under contract in Australia and owns 18 childcare and education centres and operates 37 franchised childcare and education centres in Singapore. As at the date of this Supplemental Information Memorandum, the Group has over 30,000 licensed childcare places in Australia and Singapore.

Repayment of Secured Debt

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

The Group completed its first issue of Notes of S\$175 million on 19 May 2014 under the Programme and has used part of the proceeds raised to pay out the senior debt facility. As at the date of this Supplemental Information Memorandum, the Group has no secured debt. The remaining proceeds raised will be used for future acquisitions.

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.

As at the date of this Supplemental Information Memorandum, there are 46 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

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The Board of Directors of the Issuer is set out on pages 103 to 104 of the Original Information Memorandum.
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 Supplemental Information Memorandum are as follows:

DIRECTORS

Shareholdings as at the date of this Supplemental Information Memorandum⁽¹⁾				
Directors	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Jennifer Hutson	1,650,000	0.50	1,650,000	0.50
Christopher Scott	2,000,000	0.60	9,954,636 ⁽²⁾	3.00
Brian Bailison	0	0	0	0
Andrew Kemp	103,043	0.03	103,043	0.03
Susan Forrester	0	0	0	0

Notes:

⁽¹⁾ Total number of shares issued (excluding treasury shares) as at the date of this supplemental Information Memorandum is 332,073,918.

⁽²⁾ Mr. Christopher Scott, spouse of Madam Juwarseh Scott, is deemed to be interested in Madam Scott's direct interest of 7,954,636 shares, being 2.40 per cent.

SUBSTANTIAL SHAREHOLDERS

Shareholdings as at the date of this Supplemental Information Memorandum⁽¹⁾				
Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
National Australia Bank Limited	18,630,036	5.62	18,630,036	5.62
UBS AG	16,676,361	5.02	16,676,361	5.02

Notes:

⁽¹⁾ Total number of shares issued (excluding treasury shares) as at the date of this Supplemental Information Memorandum is 332,073,918.

SHARE CAPITAL

5. (a) As at the date of this 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 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 Supplemental Information Memorandum is as follows:

Share Designation	Issued Share Capital Number of Shares
Ordinary Shares	332,073,918
Treasury Shares	Nil
Ordinary Shares (excluding Treasury Shares)	332,073,918

BORROWINGS

7. (a) Save as disclosed in this Supplemental Information Memorandum, the Issuer had as at 30 June 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 Supplemental Information Memorandum, each of the Guarantors had as at 30 June 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 2013.

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 Supplemental Information Memorandum a material adverse effect on the financial position of the Group.

MATERIAL ADVERSE CHANGE

11. Save as disclosed in this Supplemental Information Memorandum, 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 30 June 2014.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

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

**UNAUDITED RESULTS OF G8 EDUCATION LIMITED AND ITS SUBSIDIARIES
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

The information in this Appendix II has been extracted and reproduced from the unaudited results of the Issuer and its subsidiaries for the six months ended 30 June 2014 and has not been specifically prepared for inclusion in this Supplemental Information Memorandum and references to the page numbers herein are to those as reproduced from the unaudited results for the six months ended 30 June 2014.



Interim Financial Report
30 June 2014



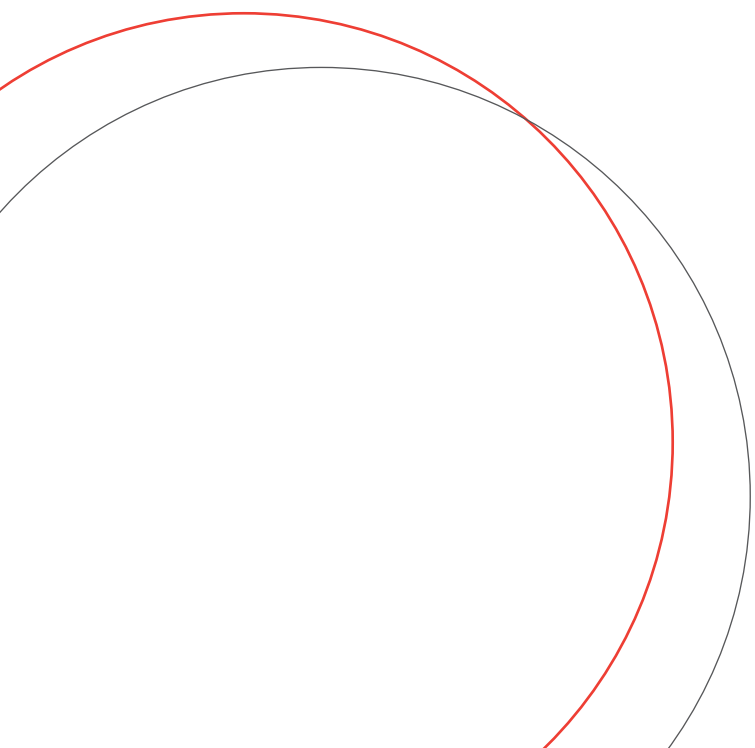


Table of Contents

Corporate Directory	04
Directors' Report	05
Auditor's Independence Declaration	07
Consolidated Income Statement	08
Consolidated Statement of Comprehensive Income	09
Consolidated Balance Sheet	10
Consolidated Statement of Changes in Equity	11
Consolidated Statement of Cashflows	12
Notes to the Half Year Financial Report	13
Directors' Declaration	21
Independent Auditor's Review Report to the Members of G8 Education Limited	22

Corporate Directory

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

Directors' Report

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

Directors

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

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

Principal Activities

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

Review of Operations

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

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

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

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

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

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

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

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

Subsequent to 30 June 2014 the Group announced the acquisition of 19 premium childcare and education centres. The purchase price is \$25.7m with \$24.3m payable at settlement and \$1.4m conditional upon the centre based EBIT target being achieved for the 12 months post settlement. The purchase price is 3.9 times anticipated EBIT for the 12 months post settlement.

Rounding of Amounts

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

Auditor's Independence Declaration

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

Auditor

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

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



Chris Scott
Managing Director
11 August 2014



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 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

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

C J M King
Partner

Brisbane
11 August 2014

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: info@hlbqld.com.au | Website: www.hlb.com.au
Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (SE Qld Partnership) is a member of HLB International. A world-wide network of independent accounting firms and business advisers.

Consolidated Income Statement

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

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

Consolidated Statement of Comprehensive Income

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

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

Consolidated Balance Sheet

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

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

Consolidated Statement of Changes in Equity

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

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

Consolidated Statement of Cash Flows

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

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

Notes to the Half-Year Financial Report

1. Basis of preparation of half-year report

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

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

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

G8 Education Limited is a for-profit organisation.

(a) New and amended standards adopted by the group

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

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

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

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

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

(c) Seasonality

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

2. Segment information

a) Description of Segments

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

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

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

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

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

3. Profit for the half-year

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

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

4. Current Assets- Other

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

5. Property, Plant & Equipment

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

6. Intangible assets

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

7. Non-current borrowings

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

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

7. Non-current borrowings - continued

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

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

8. Equity Securities Issued

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

9. Dividends

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

10. Business Combinations

Acquisition		Total														
No of Centres		26	2	21	7	4	12	6	21	2	5	5	1	1	2	115
State	NSW/VIC/SA/QLD/WA	NSW	WA	WA	WA	NSW	NSW	QLD	WA	VIC	NSW	WA	ACT	NSW	SA	
Purchase consideration	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash consideration	25,864	5,878	43,830	18,882	9,411	24,890	15,926	48,630	8,291	10,625	10,191	5,685	3,371	3,686	235,160	
Contingent consideration	1,340	-	-	3,675	-	-	2,895	-	4,163	1,071	821	-	-	-	-	13,965
Purchase price adjustments	(1,613)	(165)	(1,033)	(217)	(270)	(465)	(85)	(276)	-	(275)	(41)	(1,214)	(170)	(332)	(6,156)	
Total purchase price consideration	25,591	5,713	42,797	22,340	9,141	24,425	18,736	48,354	12,454	11,421	10,971	4,471	3,201	3,354	242,969	
Assets and Liabilities acquired																
Property, Plant and Equipment	236	5	145	250	-	363	223	582	230	-	129	-	-	-	18	2,181
Payables	(292)	(87)	(515)	(49)	(257)	(264)	(11)	-	-	(114)	94	-	-	-	-	(1,495)
Employee benefit liabilities	(1,171)	(111)	(532)	(281)	(132)	(624)	(334)	(186)	-	(186)	(42)	-	-	-	-	(3,599)
Net identifiable assets/ (liabilities) acquired																
	(1,227)	(193)	(902)	(80)	(389)	(525)	(122)	396	230	(300)	181	-	-	-	18	(2,913)
Amounts held in trust pending final adjustments																
	(185)	-	-	-	-	-	-	(276)	-	-	-	(1,214)	(170)	(300)	(2,145)	
Goodwill	27,003	5,905	43,697	22,419	9,530	24,950	18,859	48,235	12,224	11,721	10,791	5,685	3,371	3,636	248,026	
	25,591	5,712	42,795	22,339	9,141	24,425	18,737	48,355	12,454	11,421	10,972	4,471	3,201	3,354	242,968	
Revenue and profit contribution																
Revenue	5,492	1,490	629	169	636	262	201	157	292	39	266	4,666	211	169	14,679	
Profit before tax	638	290	73	(55)	5	42	25	(9)	42	7	39	1,107	27	(1)	2,230	

Deferred consideration

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

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

11. Fair value measurements

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

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

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

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

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

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

12. Contingencies

Contingent liabilities

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

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

13. Events occurring after the balance sheet date

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

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

Directors' declaration

In the Directors' opinion:

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

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



Chris Scott
Managing Director
11 August 2014



Accountants | Business and Financial Advisers

G8 EDUCATION LIMITED
ABN 95 123 828 553

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of G8 Education Limited

Report on the Half-Year Financial Report

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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

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

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

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

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: info@hlbqld.com.au | Website: www.hlb.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (SE Qld Partnership) is a member of  HLB International, A world-wide network of independent accounting firms and business advisers.



Accountants | Business and Financial Advisers

Independence

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

Conclusion

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

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

HLB Mann Judd

A handwritten signature in blue ink, appearing to read 'CJM King'.

HLB Mann Judd
Chartered Accountants

C J M King
Partner

Brisbane
Date: 11 August 2014

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: info@hlbqld.com.au | Website: www.hlb.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (SE Qld Partnership) is a member of HLB International. A world-wide network of independent accounting firms and business advisers.