Annual Report 2012

G8 Education ltd

Mission Statement

Our mission is to be Australia's leading provider of high quality, developmental and educational child care services.

We seek to achieve this through our four pillars for growth and sustainability:

Quality Education & Care
To nurture and develop children's minds, social skills and confidence in a safe and stimulating environment.

Employees
To commit to employee development and a rewarding culture which will ensure an engaged and driven workforce.

Community
To be responsive to local families and deliver upon community expectations.

Profitability
To grow and derive value for shareholders through innovative services, systems and management.

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2012 Highlights

January
- 2011 forecast NPAT after adjustments was $13.5m representing a 5.55% increase over guidance of $12.79m.

February
- G8 Education entered a new finance arrangement with the Bank of Western Australia for $56.5 million;
- Acquisition of Glen Gala Children's Centre was announced;
- 2011 Full year result was reported – NPAT (after adjustments) was $13.91m – a 208% increase on 2010. Revenue of $142.90m up 115% on 2010;
- Dividend increased from 4 cents per share per annum to 6 cents per share per annum fully franked. Quarterly dividend increased from 1 cent per share per quarter to 1.5 cents per share fully franked.

March
- Quarterly dividend of 1.5 cents per share declared.

April
- G8 Education announces success in Singapore litigation;
- Acquisition of six new child care centres in Victoria.

June
- Quarterly dividend of 1.5 cents per share declared.

July
- New syndicated $56.5m facility with the Bank of Western Australia was activated.

August
- Acquisition of three new child care centres in Victoria;
- Half yearly results were announced:
  - Revenue $78.02m, up 29% on first half 2011;
  - NPAT: $6.78m, up 81% on first half 2011;
  - Underlying NPAT: $6.43m, up 44% on first half 2011;
  - Earnings per share: 3.37 cents;
  - Net operating cash flow: $8.03m, up 139% on first half of 2011.

September
- Dividend increased from 6 cents per share per annum to 8 cents per share per annum fully franked. Quarterly dividend increased from 1.5 cents per share per quarter to 2 cents per share fully franked;
- Acquisition of three new child care centres in Victoria;
- Quarterly dividend of 2 cents per share declared;
- Acquisition of seven child care centres in New South Wales;
- G8 Education successfully completed placement to institutions of 30.790m shares at $1.15 per share to raise $35.4m;
- Acquisition of 16 new child care centres across Victoria and Queensland announced; and
- G8 Education successful in Singapore litigation appeal.

October
- Settlement of Koala child care acquisition;
- Settlement of Kinder Haven child care acquisition;
- Share Purchase Plan announced, issue price $1.15 per share for all shareholders;
- Settlement of Little Einstein's child care acquisition.

November
- Settlement of Pacific Group child care acquisition;
- Closure of Share Purchase Plan completed with the issue of 9.157m shares raising $10.5m.

December
- Quarterly dividend of 2 cents per share declared;
- Acquisition of The Learning Sanctuary in Victoria;
- Ended the year with 167 owned centres in Australia and eight owned, 10 managed and 51 franchised centres in Singapore.

Chairperson's Report

Dear Shareholders,

The 2012 financial year has seen G8 Education Limited go from strength to strength and I am pleased to announce positive financial results.

The Net Profit After Tax for the 2012 financial year is $19.2m. This includes a number of non-recurring transactions and a reconciliation to the underlying Net Profit After Tax of $19.7m is set out on page 5.

In 2012, G8 Education purchased 33 centres and sold one, which has led to a net increase in licensed places of 2,935 per day, an increase of 28% from 2011. G8 Education is well placed to continue its successful acquisition strategy.

Furthermore, the Board is encouraged by G8 Education's response to the Government's early childhood reforms and the National Quality Framework. G8 Education has introduced enhanced natural learning spaces to outdoor and indoor environments, included technology in classrooms and employed 213 bachelor qualified teachers across the Group during 2012. G8 Education is focused on ensuring that all centres provide a stimulating learning and caring environment for children.

Throughout 2012, G8 Education has participated in the Federal Government's Assessment and Rating program. This has further reinforced that we are achieving outcomes for children through high-quality educational programs.

The management team under the leadership of Chris Scott, Chris Sacre and Jae Fraser continues to improve efficiencies with significant strategic milestones achieved during the year. G8 Education's continued earnings per share growth in what remains a challenging environment demonstrates the operational excellence of the G8 Education team.

My thanks go to my fellow Board members, the executive team, management team and over 4,000 employees for their dedication throughout the year. I also thank our investors for their continued support.

Yours sincerely,

Jenny Hutson.

Jennifer J Hutson
Chairperson
25 February 2013

Key Financial Information

	Consolidated Group
Average number of centres in year	150
Number of owned centres at year end	175
Licence capacity of owned centres at year end	13,421 per day
Total number of employees at year end	4,204
Total number of full time equivalent employees at year end	2,692

Consolidated Year end 31 December	2012 ($'000)	2011 ($'000)	Variance (%)
Revenue	179,991	142,899	26%
Expenses	(150,584)	(118,017)	28%
Earnings Before Interest and Tax	29,407	24,882	18%
Interest	(2,539)	(2,188)	16%
Net Profit Before Tax	**26,868**	**22,694**	**18%**
Net Profit After Tax	**19,209**	**17,250**	**11%**
Less non-recurring transactions:			
Deferred consideration not paid	(954)	(4,299)	
Legal expenses in relation to the Singapore court case	535	956	
Share based payment expense	250	-	
Stamp duty	494	-	
Write off of borrowing costs on refinance	196	-	
Underlying Net Profit After Tax	**19,730**	**13,907**	42%
Underlying EPS (cents per share)	**9.20**	**7.48**	23%
Underlying Earnings Before Interest and Tax	**30,012**	**21,539**	39%
Gearing ratio	**24%**	**32%**	

Section One

Directors' Report & Corporate Governance Statement

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 year ended 31 December 2012.

The following persons were Directors of G8 Education Limited during the whole of the financial year and up to the date of this report.

Jennifer Joan Hutson

B.Com, LLB, FAIM
Chairperson
Independent Non-Executive since 25 March 2010
Age 45

Jenny is an investment banker and fund manager. She is an experienced corporate adviser and Company director. She has over 20 years' experience in Board issues involving listed companies including as Chair of S8 Limited, Harvey World Travel and Travelscene American Express.

Other current listed public Company directorships
Nil.

Former listed public Company directorships in the last three years
Nil.

Special responsibilities include:
Chair of the Board; and
Member of Audit Committee.

Interest in shares and options
800,000 ordinary shares in G8 Education Limited.

Christopher John Scott

B.Econ (Hons)
Managing Director
Executive Director since 25 March 2010
Age 65

Chris has over 25 years experience in senior management positions. He has spent over 30 years in business in Singapore where he was involved in a number of successful businesses.

Chris Scott was also the founder and managing director of ASX listed S8 Limited which was an integrated travel Company that made 36 acquisitions over 5 years and was capitalised at $700 million. His operational, analytical and strategic skills are critical in the selection of potential acquisitions.

Other current listed public Company directorships
Nil.

Former listed public Company directorships in the last three years
Nil.

Special responsibilities
Managing Director.

Interest in shares and options
2,000,000 ordinary shares in G8 Education Limited.

Brian Hilton Bailison

B.Com., B.Acc (Cum Laude), ACA
Non-Executive Director since 25 March 2010
Age 42

Brian has over 17 years' experience in finance, corporate finance and operations from senior roles in listed and unlisted businesses in South Africa and Australia, including senior positions at Rand Merchant Bank Limited (South Africa's largest bank-assurance business), the Ivany Investment Group (diversified investment Group) and Payce Consolidated Limited which operated 59 child care centres prior to them becoming part of the G8 Education Group.

Other current listed public Company directorships
Nil.

Former listed public Company directorships in the last three years
Nil.

Special responsibilities
Member of Audit Committee.

Interest in shares and options
Nil.

Andrew Peter Somerville Kemp

B.Com., CA
Non-Executive Director since 15 March 2011
Age 61

Andrew is the managing director of Huntington Group, a Queensland based advisory firm. Andrew has structured and implemented the ASX listing of over 10 companies in addition to other corporate advisory and investment activities.

Andrew joined AIFC, the merchant banking affiliate of the ANZ Banking Group in Sydney and then opened AIFC's Queensland office in 1979. He established Huntington Group in 1987.

Other current listed public Company directorships
• Trojan Equity Limited, Chairman (appointed March 2005);
• PTB Group Limited (appointed August 2006); and
• Silver Chef Limited (appointed February 2005).

Former listed public Company directorships in the last three years
Eureka Group Holdings Limited (previously SCV Group Limited), appointed March 2004 and ceased in February 2011

Special responsibilities
Chair of Audit Committee.

Interest in shares and options
103,043 ordinary shares in G8 Education Limited.

Susan Margaret Forrester

BA, LLB (Hons) EMBA, FAICD
Non-Executive Director since 1 November 2011
Age 45

Susan Forrester is an experienced Company director with a diverse portfolio career. She has a significant blend of commercial, financial and legal management experience gained across public, private and charitable organisations.

She is currently a director of Healthdirect Australia Limited, Shine Lawyers, Gold Coast Parklands, Childrens' Health Foundation and is the Chairman of Oncore Group Holdings Pty Ltd. She also leads the Strategy Practice of Board Matters Pty Ltd, where she provides expert advice to listed and unlisted Boards on Board governance, executive and strategy issues.

Through these appointments, Susan has a keen focus on strategy development, corporate governance, brand and reputation management and strategic human resources.

Other current listed public Company directorships
Nil.

Former listed public Company directorships in the last three years
Nil.

Special responsibilities
Nil.

Interest in shares and options
Nil.

Matthew Reynolds

BSc (Hons), LLB (Hons), MQLS
Non-Executive Director since 1 November 2011.
Age 43

Matthew is currently a partner at HWL Ebsworth Lawyers and has experience in capital markets, ASX listings, private equity and mergers and acquisitions. He specialises in providing tailored legal and strategic advice in a highly regulated and technical market and has advised on a large number of complex capital market and merger and acquisition projects.

Matthew is a director of three operational subsidiaries of the Thailand based conglomerate Minor International. Those subsidiaries are Delicious Food Holding (Australia), Delicious Food Australia Finance and MHG Hotel Holding Australia. The Group recently acquired the Oaks Hotel Group in Australia. He has held a number of Board positions on emerging companies in the energy and resources and technology sectors.

Other current listed public Company directorships
Nil.

Former listed public Company directorships in the last three years
Nil.

Special responsibilities
Nil.

Interest in shares and options
14,695 ordinary shares in G8 Education Limited.

Information on Company Secretary

Chris Sacre

B.Bus., CA, SA Fin, GDipAppFin (Finsia)
Chief Operating and Financial Officer and Company Secretary

Chris is the Group Chief Operating and Financial Officer, responsible for financial management including reporting, forecasting (short term and long term growth), centre acquisitions and operational management.

Chris' formal qualifications include a Bachelor of Business and a Graduate Diploma in Applied Finance. Chris is a qualified Chartered Accountant and a senior associate of FINISIA. Chris provides invaluable experience and skills from a business and financial perspective.

Chris has been involved in the child care industry since 2007.

Principal Activities

The principal continuing activities of the Group during the year were:

- Operation of child care centres owned by the Group; and
- Ownership of child care centre franchises.

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the Chairperson's Report on page 4 of this annual report.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the year were as follows:

- acquired an additional 33 child care centres and sold one child care centre in Australia; and
- Contributed equity increased by $62,330,084 (from $117,829,441 to $180,159,525) as a result of a placement, share purchase plan, shares issued to vendors and the dividend reinvestment plan. Details of the changes in contributed equity are disclosed in note 23 to the financial statements.

Matters subsequent to the end of the financial year

The following material matters have taken place subsequent to year end:

- Resignation of CEO Karenlee Lacey on 16 January 2013;
- G8 Education raised $35m through a placement to institutional and sophisticated investors resulting in the issue of 24,137,931 shares. The placement was completed on 13 February 2013 at $1.45 per share;
- G8 Education announced the proposed acquisition of 12 childcare centres for $18.7m; and
- G8 Education announced the quarterly dividend would increase from 2 cents per share per quarter fully franked to 2.5 cents per share per quarter fully franked from the March 2013 quarterly dividend.

Likely developments and expected Results of operations

The Group will continue to acquire child care businesses which meet the Group's operational and investment requirements.

Environmental regulation

The Group is subject to and complies with environmental regulations under State legislation in the management of its operations. The Group does not engage in activities that have particular potential for environmental harm.

No incidents have been recorded and the Directors are not aware of any environmental issues which have had, or are likely to have, a material impact on the Group's business.

Dividends

Dividends declared or paid during the financial year were as follows:

	2012 $	2011 $
Dividend for the quarter ended 31 March 2012 of 1.5 cent per share (2011: 1 cent per share) paid on 12 April 2012 (2011: Paid on 11 April 2011).	3,003,136	1,863,837
Dividend for the quarter ended 30 June 2012 of 1.5 cent per share (2011: 1 cent per share) paid on 9 July 2012 (2011: Paid on 11 July 2011).	3,056,555	1,866,865
Dividend for the quarter ended 30 September 2012 of 2.0 cent per share (2011: 1 cent per share) paid on 9 October 2012 (2011: Paid on 10 October 2011).	4,106,079	1,871,190
Dividend for the quarter ended 31 December 2012 of 2.0 cent per share (2011: 1 cent per share) paid on 11 January 2013 (2011: Paid 16 January 2012).	4,920,972	1,874,185
	15,086,742	**7,476,077**

Meeting of Directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 31 December 2012, and the number of meetings attended by each director were:

Director	Full meetings of Directors		Audit Committee	
	A	**B**	**A**	**B**
J J Hutson	10	10	2	2
C J Scott	10	10	-	-
B H Bailison	9	10	2	2
A P S Kemp	10	10	2	2
S M Forrester	8	10	-	-
M Reynolds	9	10	-	-

A = Number of meetings attended.
B = Number of meetings held during the time the director held office or was a member of the committee during the year.

Remuneration Report

The Remuneration Report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration;
B. Details of remuneration;
C. Service Agreements; and
D. Share-based compensation.

The information provided in this Remuneration Report has been audited as required by section 308(3C) of the Corporations Act 2001.

A. Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward.

The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

The Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Non-Executive Directors

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors.

Non-executive Directors' fees and payments are reviewed annually by the Board.

Directors' Fees

The current base remuneration was last reviewed with effect from 28 February 2011.

Non-executive Directors' fees are determined within an aggregate Directors fee pool limit, which has been approved by shareholders.

The approved maximum is $500,000 per annum which was approved at the time of the initial public offering in December 2007.

The following fees, exclusive of superannuation, have applied since 28 February 2011:

Base Fees	From 28 February 2011 to current
Chairperson	$80,000 per annum
Non-executive Directors	$40,000 per annum
Audit committee Chairperson	$10,000 per annum

Executive Pay

The executive pay currently has two components being base pay and benefits, including superannuation.

Base Pay

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executives' pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any executives' contracts.

Benefits

Executives receive benefits including company vehicles and loans from the Company to acquire shares the in Company. These loans are provided to ensure a deep alignment is created between executive performance and shareholders' interests.

Voting and comments made at the Company's 2011 Annual General Meeting

G8 Education Limited received more than 95% of "in favour" votes on its Remuneration Report for the 2011 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

B. Details of remuneration

Amounts of remuneration

Details of the remuneration of Key Management Personnel (as defined in AASB 124 Related Party Disclosures) of G8 Education Limited are set out in the following tables on pages 14 and 15.

The Key Management Personnel of G8 Education Limited and the Group are the same personnel and includes the Directors and the following executive officers or senior management who have authority and responsibility for planning, directing and controlling the activities of the entity:

- C P Sacre – Chief Operating and Financial Officer and Company Secretary;
- D T Peters - Chief Financial Officer until his resignation on 27 September 2012;
- K R Lacey - Chief Executive Officer until her resignation on 16 January 2013; and
- J D Fraser – General Manager Operations.

Key Management Personnel and other executives of G8 Education Limited and the Group:

2012	Short term employee benefits		Post – employment benefits	Share based payment	Termination payments	Total
Name	Cash salary and fees	Cash Bonus	Super-annuation			
Non-executive directors						
J J Hutson, Chairperson	80,000	-	7,200	-	-	**87,200**
B H Bailison	40,000	-	3,600	-	-	**43,600**
A P S Kemp	50,000	-	4,500	-	-	**54,500**
S M Forrester	40,000	-	3,600	-	-	**43,600**
M Reynolds	40,000	-	3,600	-	-	**43,600**
Executive directors						
C J Scott	415,208	-	5,203	-	-	**420,411**
Other Key Management Personnel						
K R Lacey^ (resigned on 16 Jan 2013)	46,154	-	4,117	59,237	-	**109,508**
C P Sacre*	250,000	-	21,043	114,562	-	**385,605**
D T Peters (resigned on 27 Sept 2012)	116,725	-	11,942	-	61,191	**189,858**
J D Fraser*	180,712	-	15,602	76,375	-	**272,689**
Total	**1,258,799**	**-**	**80,407**	**250,174**	**61,191**	**1,650,571**

^Share based payment relates to the associated costs of the employee options granted 27 September 2012.

**Share based payments costs relates to a fair value adjustment between value of shares as per loan agreement and the value of the shares on the date they were issued (refer to note 23 for further details).*

2011	Short term employee benefits		Post – employment benefits	Share based payments	Termination payments	Total
Name	Cash salary and fees	Cash Bonus	Super-annuation			
Non-executive directors						
J J Hutson, Chairperson	71,346	-	6,421	-	-	**77,767**
B H Bailison	35,673	-	3,211	-	-	**38,884**
A P S Kemp (appointed 15 March 2011)	30,000	-	-	-	-	**30,000**
S M Forrester (appointed 1 November 2011)	6,000	-	540	-	-	**6,540**
M Reynolds (appointed 1 November 2011)	6,000	-	540	-	-	**6,540**
Executive directors						
C J Scott	328,258	-	6,177	-	-	**334,435**
C G Chapman (resigned on 26 Aug 2011)	151,538	-	14,770	-	92,056	**258,364**
Other Key Management Personnel						
C P Sacre	201,154	-	19,504	1,279	-	**221,937**
J D Fraser	168,000	-	15,120	-	-	**183,120**
M J Crawford	78,375	-	7,054	-	-	**85,429**
Total	**1,076,344**	**-**	**73,337**	**1,279**	**92,056**	**1,243,016**

C. Service agreements

On appointment to the Board, all non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The agreement summarises the Board policies and terms, including compensation, relevant to the office of director.

Remuneration and other terms of employment for the Managing Director (MD), Chief Executive Officer (CEO), Chief Financial Officer (CFO) are formalised in agreements which have a provision for bonuses and other benefits which may be granted from time to time by the Board of Directors.

Contracts with executives may be terminated by either party with up to six weeks notice. The MD, CEO and CFO require three months notice by either party.

C J Scott, Managing Director

- Term of agreement – on going, commenced March 2010, with a three month termination notice period;
- Base salary, exclusive of superannuation, of $350,000 per annum effective 1 July 2011, to be reviewed annually by the Board.

K R Lacey, Chief Executive Officer

- Term of agreement – commenced 27 September 2012 and resigned on 16 January 2013, with a three month termination notice period;
- Base salary, exclusive of superannuation, of $200,000 per annum.

C P Sacre, Chief Operating and Financial Officer and Company Secretary

- Term of agreement – ongoing, commenced April 2008, with a three month termination notice period.
- Base salary, exclusive of superannuation, of $250,000 per annum effective 1 July 2011, to be reviewed annually by the Board.

J D Fraser, General Manager - Operations

- Term of agreement – ongoing, commenced October 2006, with a one month termination notice period.
- Base salary, exclusive of superannuation, of $180,000 per annum effective 1 January 2012, to be reviewed annually by the Board.

D T Peters, Chief Financial Officer

- Term of agreement –commenced 5 March 2012 and resigned on 27 September 2012, with a three month termination notice period.
- Base salary, exclusive of superannuation, of $209,300 per annum effective from 5 March 2012, to be reviewed annually by the Board.

D. Share based compensation

Options

Options were issued to K R Lacey on 27 September 2012 and divided into two tranches of 200,000 options each with an exercise price of $1.27 per option. The vesting dates and expiry for each tranche were as follows:

- Tranche A had a vesting date of 27 September 2012 and an expiry date of 27 March 2014;
- Tranche B had a vesting date of 27 September 2013 and an expiry date of 27 March 2015.

The assessed fair value at grant date of options granted was allocated equally over the periods from grant date to vesting date, and the amount is included in the remuneration table on page 14. Fair values at grant date are independently determined using a binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-fee interest rate for the term of the option.

The terms and conditions of each grant of options affecting remuneration in the previous, current or future reporting years are as follows:

Grant Date	Date vested and exercisable	Expiry date	Exercise price	Value per option at Grant Date
27 September 2012	27 September 2012	27 March 2014	$1.27	$0.2193
27 September 2012	27 September 2013	27 March 2015	$1.27	$0.2953

The model inputs for options granted during the year ended 31 December 2012 included:

Options were granted for:	No consideration
Exercise price:	$1.27 per share
Grant date:	27 September 2012
Vesting date:	Tranche A - vesting date of 27 September 2012 Tranche B - vesting date of 27 September 2013
Expiry date:	Tranche A - expiry date of 27 March 2014 Tranche B - expiry date of 27 March 2015
Expected price volatility of the Group's shares:	55%
Expected dividend yield:	7.3% (Tranche 1) and 8.3% (Tranche 2)
Risk-free interest rate:	Tranche A – 2.7333% Tranche B – 2.4664%
Escrow year:	Nil

Shares under option

Unissued ordinary shares of G8 Education Limited under option at the date of this report are as follows:

Grant Date	Expiry date	Issue price of shares	Number under Option
27 September 2012	27 March 2014	$1.27	200,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Insurance of officers

During the year, G8 Education Limited paid a premium to insure the Directors and officers of the Company and its controlled entities. Under the terms of the policy the amount of the premium and the nature of the liability cannot be disclosed.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as offices of entities in the Group and any other payments arising from liabilities incurred by the officers in connection with such proceedings.

This does not include such liabilities that arise from conduct involving wilful breach of duty of the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group.

It is not possible to apportion the premium between the amounts relating to the insurance against legal costs and those relating to other liabilities.

No insurance premiums or indemnities have been paid for or agreed by the Group for the current or former auditors.

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditors or other members of the HLB network for non-audit services provided during the year are $21,771 and disclosed in note 27.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics of Professional Accountants.

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 19.

Auditor
HLB Mann Judd (SE Qld Partnership) continue in office in accordance with section 327 of the Corporations Act 2001.

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

Jenny Hutson.

Jennifer J Hutson
Chairperson
25 February 2013

HLB Mann Judd

Accountants | Business and Financial Advisers

G8 Education Limited

Auditor's Independence Declaration under s.307C of the Corporations Act 2001 to the Directors of G8 Education Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2012 there have been:

(i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

HLB Mann Judd.

HLB MANN JUDD
Chartered Accountants

C J M King
Partner

Date: 25 February 2013
Brisbane, Queensland

Corporate Governance Statement

G8 Education Limited (the Company) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as the Group in this statement. A description of the Group's main corporate governance practices are set out below. All these practices, unless otherwise stated, were in place for the entire year.

Principle 1: Lay solid foundations for management and oversight

The relationship between the Board and senior management is critical to the Group's long-term success. The Directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

The responsibilities of the Board include:

- providing strategic guidance to the Group including contributing to the development of and approving the corporate strategy;
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- overseeing and monitoring:
  - organisational performance and the achievement of the Group's strategic goals and objectives;
  - compliance with the Company's Code of Conduct;
  - progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments;
- monitoring financial performance including approval of the annual and half year financial reports and liaising with the Group's auditors;
- appointment, performance assessment and if necessary, removal of key executives;
- ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team including the CFO and the Company Secretary;
- ensuring there are effective management processes in place and approving major corporate initiatives;
- enhancing and protecting the reputation of the organisation;
- overseeing the operation of the Group's system for compliance and risk management reporting to shareholders; and
- ensuring appropriate resources are available to senior management.

The terms and conditions of the appointment and retirement of Directors are set out in a letter of appointment.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director and senior executives. These delegations are reviewed on an annual basis.

The Group has developed a process for annual appraisal of senior executives measuring performance in ten areas, including contribution to the overall success of the business. The appraisal is designed to measure success in achieving objectives set for the past twelve months and to set objectives for the ensuing twelve months. Succession planning is also built into the appraisal process to encourage development of future leaders within the Group.

The Group undertook performance evaluations for the management team and senior executives in November 2012.

Principle 2: Structure the Board to add value

The Board operates in accordance with the broad principles set out below:

Board composition

The Board is to be comprised of both executive and non-executive Directors. Non executive Directors bring perspective to the Board's consideration of strategic, risk and performance matters and are best placed to exercise independent judgement and review and constructively challenge the performance of management.

The Chairperson is elected by the full Board and is required to meet regularly with key executives. The Board is to establish measurable Board gender diversity objectives and assess annually the objectives and progress in achieving them. The Group is to maintain a mix of directors on the Board from different backgrounds with complementary skills and experience. The Board is required to undertake an annual Board performance review and consider the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Group.

The Board seeks to ensure that:

- at any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Group and directors with an external or fresh perspective;
- the size of the Board is conducive to effective discussion and efficient decision-making.

Board members

Details of the members of the Board, their experience, expertise, qualifications, term of office and independent status are set out in the Directors' Report. The Board consists of six directors, five of whom are non-executive and all five (J J Hutson, B H Bailison, A Kemp, S Forrester and M Reynolds) are considered independent under the principles set out below.

Directors' Independence

The Board has adopted specific principles in relation to Directors' independence. These state that to be independent, a director must be a non executive and:

- not be a substantial shareholder of the Group or an officer of, or otherwise associated directly with, a substantial shareholder of the Group;
- within the last three years, not have been employed in an executive capacity by the Company or any other Group member, or been a director after ceasing to hold any such employment;
- within the last three years not have been a principal of a material professional adviser or a material consultant to the Company or any other Group member, or an employee materially associated with the service provided;
- not be a material supplier or customer of the Company or any other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- must have no material contractual relationship with the Company or a controlled entity other than as a director of the Group;
- be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Directors ability to act in the best interests of the Company.

Materiality for these purposes is determined on both a quantitative and qualitative basis. An amount of over 5% of annual turnover of the Company or Group or 5% of the individual Directors net worth is considered material for these purposes.

In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the Directors' performance.

Recent thinking on corporate governance has introduced the view that a Director's independence may be perceived to be impacted by lengthy service on the Board. To avoid any potential concerns, the Board has determined that a director will not be deemed independent if he or she has served on the Board of the Company for more than ten years.

Term of Office

The Company's Constitution specifies that all Directors, other than a managing director, must retire from office no later than the third annual general meeting following their last election. Where eligible, a director may stand for re-election.

Chairperson and Managing Director

The Chairperson is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's senior executives. In accepting the position, the Chairperson has acknowledged the significant time commitment that will be required and confirmed that other positions will not hinder their effective performance in the role of Chairperson.

The Managing Director is responsible for implementing Group strategies and policies.

Induction

The induction provided to new Directors and senior managers enables them to actively participate in Board decision making as soon as possible. It ensures that they have a full understanding of the Company's financial position, strategies, operations, culture, values and risk management policies. It also explains the respective rights, duties, responsibilities, interaction and roles of the Board and senior executives and the Company's meeting arrangements.

Commitment

The Board held 10 Board meetings during the year.

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 31 December 2012, and the number of meetings attended by each director is disclosed on page 12.

It has been the Company's practice to allow executive Directors to accept appointments outside the Company with approval of the Board. There are currently no Executive Directors with outside appointments.

The commitments of non-executive Directors are considered by the Board prior to the Directors appointment to the Board of the Company and are to be reviewed each year as part of the annual performance assessment.

Prior to appointment or being submitted for re-election, each non executive director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the Company.

Conflict of interests

There were no conflicts of interests during the year ended 31 December 2012.

Independent professional advice

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairperson is required, but this will not be unreasonably withheld.

Nominations and Remuneration

Due to the small size of the Board, nomination and remuneration matters are addressed by the Board. A set of guidelines has been established in this regard. The guidelines are available at www.g8education.com or by contacting the registered office.

Board Performance Assessment

The Board has developed an annual self assessment process for its collective performance and the performance of the Chairperson and its committees. A questionnaire is to be completed by each Director, evaluating his or her individual performance, that of other Board members and of the Board as a whole. The results and any action plans are to be documented together with specific performance goals which are to be agreed for the coming year.

The Board performance assessment was completed in November 2012.

Principle 3: Promote ethical and responsible decision making

Code of Conduct

The Company has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all Directors and employees. The Code is available at www.g8education.com or by contacting the registered office. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity.

In summary, the Code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies.

Trading in Company Securities

The purchase and sale of Company securities by Directors and employees is only permitted in accordance with the Company's Securities Trading Policy. The Company's share trading policy is available at www.g8education.com or by contacting the registered office.

The Directors are satisfied that the Group has complied with its policies on ethical standards, including trading in securities.

Diversity policy

The Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the Company has developed a diversity policy, a copy of which can be found on the Company website. This policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity.

It includes requirements for the Board to establish measurable objectives for achieving diversity and for the Board to assess annually both the objectives and the Company's progress in achieving them.

The table below illustrates the number of women employees and percentage of total workforce in the entire organisation, senior executive positions and on the Board.

The Board has established a policy concerning diversity which is disclosed on the Company website www.g8education.com. The Board did not set measurable objectives for achieving gender diversity but expects to set these during 2013. G8 Education Limited currently has two women on the Board from a total of six Directors, and five women in the management team, from a total of eight.

	Actual	
	Total	% of Total
Number of women employees in the whole organisation	4,078	97%
Number of women in senior executive positions	5	62%
Number of women on the Board	2	33%

Principle 4: Safeguard integrity in financial reporting

Audit Committee

The audit committee consists of the following non-executive directors:

- A Kemp (Chair);
- J Hutson; and
- B Bailison.

Details of these Director's qualifications and attendance at audit committee meetings are set out in the Directors' Report on page 12.

All members of the audit committee are financially literate and have an appropriate understanding of the industries in which the Group operates.

The audit committee operates in accordance with a charter which is available on the Company website. The main responsibilities of the committee are to:

- review, assess and approve the annual report, the half year financial report and all other financial information published by the Company or released to the market;
- assist the Board in reviewing the effectiveness of the organisation's internal control environment covering:
    - effectiveness and efficiency of operations;
    - reliability of financial reporting;
    - compliance with applicable laws and regulations;
- oversee the effective operation of the risk management framework;
- recommend to the Board the appointment, removal and remuneration of the external auditors and review the terms of their engagement, the scope and quality of the audit and assess performance;
- consider the independence and competence of the external auditor on an ongoing basis;
- review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence;
- review and monitor related party transactions and assess their propriety; and
- report to the Board on matters relevant to the committee's role and responsibilities.

In fulfilling its responsibilities, the audit committee:

- receives reports from management and the external auditors;
- meets with external auditors at least twice a year, or more frequently if necessary;
- reviews the processes the MD and CFO have in place to support their certifications to the Board; and
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved.

The audit committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

External Auditors

The Company policy is to appoint external auditors who clearly demonstrate quality and independence.

The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. HLB Mann Judd was appointed as the external auditor in 2010.

An analysis of fees paid to the external auditors, including a break down of fees for non-audit services, is provided in the Directors' Report and in note 27 to the financial statements. The external auditors provide an annual declaration of their independence to the audit committee in accordance with the requirements of the Corporations Act 2001.

The external auditor attends the annual general meeting to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Principle 5 and 6: Make timely and balanced disclosures and respect the rights of shareholders

Continuous disclosure and shareholder communication

The Group has policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities.

These policies and procedures also include the arrangements the Group has in place to promote communication with shareholders and encourage effective participation at general meetings.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the Company's website. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.

In addition, the Company seeks to provide opportunities for shareholders to participate through electronic means via the Company's website. A copy of the Company's Constitution and main Corporate Governance documents, have been posted to a dedicated section of the Company's website at www.g8education.com.

Principle 7: Recognise and manage risk

Risk assessment and management

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the audit committee and reviewed by the full Board.

The audit committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. They monitor the Company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks.

In providing this oversight, the committee:

- reviews the framework and methodology for risk identification, the degree of risk the Company is willing to accept, the management of risk and the processes for auditing and evaluation of the Company's risk management system;
- reviews Group wide objectives in the context of the above mentioned categories of corporate risk;
- reviews and where necessary, approves guidelines and policies governing the identification, assessment and management of the Company's exposure to risk;
- reviews and approves the delegations of financial authorities and addresses any need to update these authorities on an annual basis; and
- reviews compliance with agreed policies.

The committee recommends any actions it deems appropriate to the Board for its consideration.

Responsibility for risk management and internal control is delegated to the appropriate level of management within the Group, with the MD and CFO having ultimate responsibility to the Board for the risk management and internal control framework.

The Group has a Risk Management policy to formally document the policies and procedures already in place to manage risk. The Company's Risk Management policy is available at www.g8education.com or by contacting the registered office.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. Adherence to the Code of Conduct is required at all times and the Board actively promotes a culture of quality and integrity.

Corporate Reporting

In complying with recommendation 7.3, the MD and CFO have made the following certifications to the Board:

- the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group and are in accordance with relevant accounting standards;
- the above statement is founded on a system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Group's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects in relation to financial reporting risks.

Principle 8: Remunerate fairly and responsibly

Remuneration

Due to the small size of the Board, nomination and remuneration matters are addressed by the Board. A set of guidelines has been established in this regard. The guidelines are available at www.g8education.com or by contacting the registered office.

Each member of the senior executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The contract includes a specific formal job description.

This job description is reviewed by the Board on an annual basis and, where necessary, is revised in consultation with the relevant employee.

Further information on Directors' and executives' remuneration, including principles used to determine remuneration, is set out in the Directors' Report under the heading "Remuneration Report'', which is disclosed on pages 13-17.

Non-executive Directors do not receive options or bonus payments and are not provided with retirement benefits other than superannuation.

The Board also assumes responsibility for overseeing management succession planning, including the implementation of appropriate executive development programmes and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions.

Adoption of ASX Corporate Governance Recommendations

The Group has adopted the ASX Corporate Governance Principles and Recommendations with 2010 Amendments for all or part of the year, as outlined in the Corporate Governance Statement, with the following exceptions:

Council Recommendation 2.4: The Board should establish a Nomination Committee; and

Council Recommendation 8.1: The Board should establish a remuneration committee.

The Board does not have a Nomination or Remuneration Committee due to the small size of the Board. The Board of Directors handles all matters in regards to nomination and remuneration.

Council Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them; and

Council Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

The Board has established a policy concerning diversity which is disclosed on the Company website www.g8education.com. The Board did not set measurable objectives for achieving gender diversity but expects to set these during 2013. G8 Education currently has two women on the Board from a total of six Directors, and five women in the management team, from a total of eight.

Section Two

Financial Report

Consolidated Income Statement

For the year ended 31 December 2012

		Consolidated	
	Notes	2012 $	2011 $
Revenue from continuing operations	5	**179,026,896**	**137,949,541**
Other income	6	964,480	4,949,953
Expenses			
Employee benefits		(106,310,738)	(82,801,952)
Occupancy		(22,800,067)	(18,390,080)
Direct costs of providing services		(13,542,678)	(9,844,859)
Legal fees		(789,010)	(1,400,507)
Amortisation	7	(473,255)	(191,671)
Depreciation	7	(2,056,760)	(1,710,630)
Impairment	7	(9,103)	(586,718)
Insurance		(537,511)	(511,845)
Other expenses		(4,065,312)	(2,578,309)
Finance costs	7	(2,538,619)	(2,188,401)
Total expenses		(153,123,053)	(120,204,972)
Profit before income tax		**26,868,323**	**22,694,522**
Income tax expense	8	(7,659,713)	(5,444,171)
Profit for the year		**19,208,610**	**17,250,351**
		Cents	**Cents**
Basic earnings per share	37	8.95	9.27
Diluted earnings per share	37	8.94	9.27

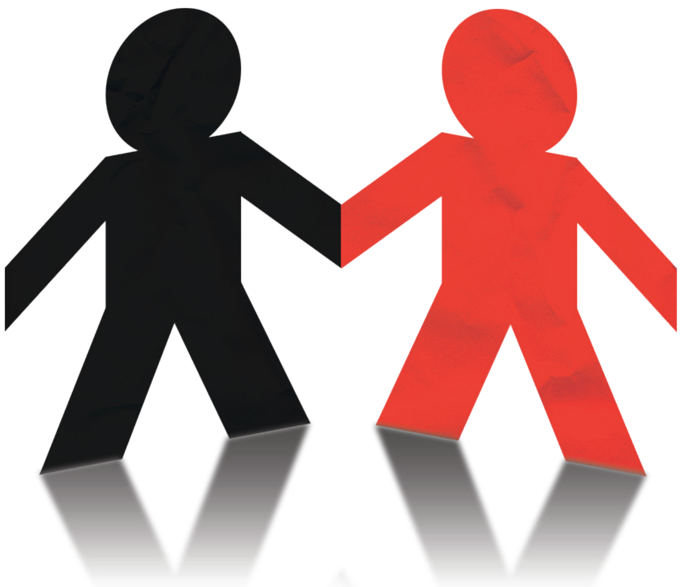
The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	Notes	Consolidated 2012 $	Consolidated 2011 $
Profit for the year		19,208,610	17,250,351
Other comprehensive income			
Exchange differences on translation of foreign operations	24	861,563	(789,720)
Effective portion of changes in fair value of cash flow hedges	24	(229,261)	-
Total other comprehensive income		**632,302**	**(789,720)**
Total comprehensive income for the year		**19,840,912**	**16,460,631**

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



Consolidated Balance Sheet

As at 31 December 2012

		Consolidated	
	Notes	2012 $	2011 $
ASSETS			
Current assets			
Cash and cash equivalents	9	21,790,411	14,166,146
Trade and other receivables	10	12,711,378	8,109,984
Other current assets	11	16,749,866	14,259,614
Assets classified as held for sale	12	107,700	-
Total current assets		**51,359,355**	**36,535,744**
Non-current assets			
Receivables	13	1,865,034	-
Property plant and equipment	14	10,646,280	7,975,414
Deferred tax assets	15	3,557,785	1,882,801
Goodwill	16	201,813,688	142,082,894
Total non-current assets		**217,882,787**	**151,941,109**
Total assets		**269,242,142**	**188,476,853**
LIABILITIES			
Current liabilities			
Trade and other payables	17	23,634,060	27,926,195
Borrowings	18	2,720,350	315,961
Employee entitlements	19	7,471,389	4,367,387
Derivative financial instruments	20	327,516	-
Current tax liabilities		5,176,006	3,879,517
Total current liabilities		**39,329,321**	**36,489,060**
Non-current liabilities			
Borrowings	21	46,532,333	36,082,557
Provisions	22	1,072,906	741,145
Total non-current liabilities		47,605,239	36,823,702
Total liabilities		**86,934,560**	**73,312,762**
Net assets		**182,307,582**	**115,164,091**
EQUITY			
Contributed equity	23	180,159,525	117,829,441
Reserves	24	(98,181)	(789,720)
Retained earnings	24	2,246,238	(1,875,630)
Total equity		**182,307,582**	**115,164,091**

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Notes	Contributed equity $	Reserves $	Retained earnings $	Total $
Consolidated					
Balance 1 January 2011		**95,461,544**	**31,444**	**(11,649,904)**	**83,843,084**
Profit for the year		-	-	17,250,351	17,250,351
Other comprehensive income		-	(789,720)	-	(789,720)
Total comprehensive income for the year		**-**	**(789,720)**	**17,250,351**	**16,460,631**
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction cost		22,361,257	-	-	22,361,257
Dividends		-	-	(7,476,077)	(7,476,077)
Employee share options expense		-	(24,804)	-	(24,804)
Employee share options exercised		6,640	(6,640)	-	-
		22,367,897	**(31,444)**	**(7,476,077)**	**14,860,376**
Balance 31 December 2011	23,24	**117,829,441**	**(789,720)**	**(1,875,630)**	**115,164,091**
Balance 1 January 2012		**117,829,441**	**(789,720)**	**(1,875,630)**	**115,164,091**
Profit for the year		-	-	19,208,610	19,208,610
Other comprehensive income		-	632,302	-	632,302
Total comprehensive income for the year		**-**	**632,302**	**19,208,610**	**19,840,912**
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction cost		62,330,084	-	-	62,330,084
Dividends provided for or paid		-	-	(15,086,742)	(15,086,742)
Employee share options expense		-	59,237	-	59,237
		62,330,084	**59,237**	**(15,086,742)**	**47,302,579**
Balance 31 December 2012	23,24	**180,159,525**	**(98,181)**	**2,246,238**	**182,307,582**

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	Notes	Consolidated 2012 $	2011 $
Cash flows from Operating Activities			
Receipts from customers		176,996,788	134,603,005
Payments to suppliers and employees		(147,609,343)	(119,121,673)
Interest received		534,581	543,781
Interest paid		(2,524,181)	(1,986,684)
Income taxes paid		(7,444,298)	(2,280,309)
Net cash in flows from operating activities	36	**19,953,547**	**11,758,120**
Cash flows from Investing Activities			
Payments for purchase of businesses (net of cash acquired)	31	(57,710,158)	(36,153,270)
Repayment of loans by Key Management Personnel		552,090	108,333
Inflows/(Outflows) of funds for term deposits		2,966,558	(1,889,458)
Proceeds from sale of property, plant and equipment		165,291	350,212
Payments for property plant & equipment		(4,770,937)	(2,255,750)
Net cash out flows from investing activities		**(58,797,156)**	**(39,839,933)**
Cash flows from Financing Activities			
Share issue costs		(1,703,187)	(1,048,625)
Dividends paid		(8,077,501)	(6,418,642)
Proceeds from issue of shares		45,938,926	18,956,639
Inflows from borrowings		50,737,286	21,588,960
Repayment of borrowings		(37,503,882)	(735,476)
Net cash inflows from financing activities		**49,391,642**	**32,342,856**
Net increase in cash and cash equivalents		**10,548,033**	**4,261,043**
Cash and cash equivalents at the beginning of the financial year		11,186,148	6,925,105
Effects of exchange rate changes on cash		42,790	-
Cash and cash equivalents at the end of the financial year	9	**21,776,971**	**11,186,148**

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

INDEX TO NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report is for the consolidated entity consisting of G8 Education Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (AASB), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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

The financial statements were authorised for issue on 25 February 2013.

Compliance with IFRS

Compliance with AASB ensures that the financial report of G8 Education Limited and the Group complies with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention as modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of G8 Education Limited ("Company" or "parent entity") as at 31 December 2012 and the results of all subsidiaries for the year then ended.

G8 Education Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries (as stated in note 33) are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(i)).

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

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

(c) Segment reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker has been identified as the Board of Director's that makes strategic decisions.

(d) Seasonality

The child care industry has a distinct seasonal pattern. A large group of children leave child care 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 profit.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is G8 Education Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement or the statement of comprehensive income except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment in a foreign operation.

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

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

(iii) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximations of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange difference is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities or the foreign operation and are translated at the closing rate.

(f) Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the service provided have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each.

Revenue is recognised for the major business activities as follows:

a) Child care fees

Fees paid by the Government (Child Care Benefit and Child Care Tax Rebate) or parent fees are recognised as and when a child attends a child care service.

b) Royalty Income

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

c) Government Funding/Grants

Training incentives and funding are recognised when there is reasonable assurance that the incentive will be received and when the relevant conditions have been met.

d) Deferred income

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

e) Interest income

Interest income is recognised using the effective interest method.

(g) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax base of investments in controlled entities where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax liabilities and assets are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

(h) Leases

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

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the year of the lease.

(i) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer note 1 (q)). If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the Income Statement.

(j) Impairment of non-financial assets

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

Goodwill must be assessed for impairment at the lowest level at which management monitors goodwill, however the level cannot be higher than the operating segment level. The Group operates one operating segment and management monitors goodwill at this level. Therefore, goodwill is tested for impairment at the operating segment level.

(k) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(l) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables represent child care fees receivable from the Government Child Care Benefit (CCB) and parents.

Under the weekly Child Care Management System (CCMS), implemented in July 2008, CCB is generally paid weekly in arrears based on the actual attendance and entitlement of each child attending the child care centre.

Parent fees are required to be paid one week in advance. Therefore, the parent fees receivable relate to amounts past due.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statements of comprehensive income in other expenses.

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

(m) Non current assets (or disposal Groups) held for sale

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

Non current assets (including those that are part of a disposal Group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal Group classified as held for sale continue to be recognised.

Non current assets classified as held for sale and the assets of a disposal Group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal Group classified as held for sale are presented separately from other liabilities in the balance sheet.

(n) Investments and other financial assets

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired and their characteristics. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with settlements greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 10) in the balance sheet.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss, are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through the profit or loss are expensed in the profit or loss.

Impairment of Financial Assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or Group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Increases in the value of available for sale investments are taken to Other Comprehensive Income.

(i) Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtors credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Impairment testing of trade receivables is described in note 1(l).

(o) *Derivatives and hedging activities*

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

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- Hedges of a particular risk associated with the cash flows of recognised as sets and liabilities and highly probable forecast transactions (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

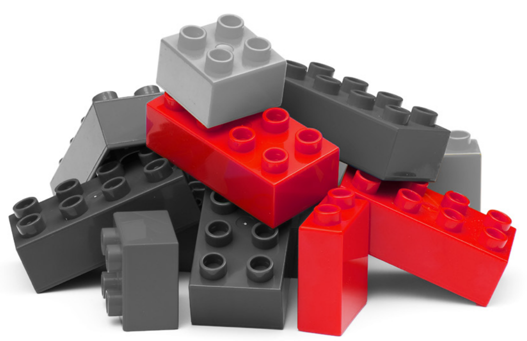
The fair values of derivative financial instruments used for hedging purposes are disclosed in note 20. Movements in the hedging reserve in shareholders' equity are shown in note 24. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.



(p) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Buildings	40 years
Vehicles	3 – 12 years
Furniture, fittings and equipment	2–15 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(q) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Group of cash-generating units that are expected to benefit from the business synergies.

(r) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the year which are unpaid. The amounts are unsecured and are usually paid within 30 – 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(s) Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the year of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are capitalised as a prepayment for borrowing services and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

(t) Provisions

Provisions for legal claims, and make-good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measures at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(u) Employee benefits

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

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

(iii) Share-based payments

Share-based compensation benefits are provided to Key Management Personnel. Information relating to this is set out in note 26.

The fair value of options granted is recognised as a share based payment expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the vesting period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each year takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

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

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(v) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(w) Dividends

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

(x) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(y) Goods and Services Tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(z) New accounting standards and interpretations

Financial Instruments	
PRONOUNCEMENTS	AASB 9 Financial Instruments; AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009); and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transitional Disclosures.
NATURE OF THE CHANGE IN ACCOUNTING POLICY	Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value. Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.
EFFECTIVE DATE	Annual reporting periods beginning on or after 1 January 2015.
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS	The adoption of these standards will not change the reported financial position and performance of the entity, however the presentation of items in other comprehensive income will be changed.

PRESENTATION OF OTHER COMPREHENSIVE INCOME	
PRONOUNCEMENTS	AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income.
NATURE OF THE CHANGE IN ACCOUNTING POLICY	Components of OCI are to be Grouped into those that may be reclassified in the future into profit and loss, and those that will not. Where OCI components are disclosed before tax, the total tax for each of the two Groups (classifiable and not reclassifiable) must be shown. Makes consequential amendments to AASBs 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049.
EFFECTIVE DATE	Annual periods beginning on or after 1 July 2012.
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS	The adoption of these standards will not change the reported financial position and performance of the entity, however the presentation of items in other comprehensive income will be changed.

REMOVAL OF KMP DISCLOSURES ABOUT INDIVIDUALS	
PRONOUNCEMENTS	AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124].
NATURE OF THE CHANGE IN ACCOUNTING POLICY	Amends AASB 124 to remove the disclosures required of disclosing entities about individual Key Management Personnel (e.g. components of remuneration). Early adoption is not permitted.
EFFECTIVE DATE	Annual periods beginning on or after 1 July 2013 (i.e. 30 June 2014 year ends).
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS	The KMP remuneration disclosure note will now show total remuneration only rather than separating the remuneration into components.

CONSOLIDATIONS	
PRONOUNCEMENTS	AASB 10 Consolidated Financial Statements; and AASB 127 Separate Financial Statements (2011).
NATURE OF THE CHANGE IN ACCOUNTING POLICY	Replaces the requirements of AASB 127 in respect of consolidated statements. Provides a new definition of control, based on power over an investee, exposure to returns from the investee and the ability to affect the amount of returns. This is expected to include some special purpose entities previously not consolidated. The AASB is considering an alternative definition for not-for-profit entities, and has therefore prohibited such entities from early adopting this standard.
EFFECTIVE DATE	Annual periods beginning on or after 1 January 2013.
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS	Following an initial review of the investments held by the entity, no additional entities will be consolidated into the Group.

FAIR VALUE MEASUREMENT	
PRONOUNCEMENTS	AASB 13 Fair Value Measurement AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.
NATURE OF THE CHANGE IN ACCOUNTING POLICY	Replaces the guidance in existing pronouncements to create a single reference point for consistent definitions, application of fair value measurement, and disclosures about fair value. Measurements are classified in a 3 level hierarchy based on the degree of market information into measurement inputs.
EFFECTIVE DATE	Annual periods beginning on or after 1 January 2013.
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS	The adoption of AASB 13 will result in additional disclosures about the assets and liabilities which are held at fair value.

(aa) *Parent entity financial information*

The financial information for the parent entity, G8 Education Limited, disclosed in note 32 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of G8 Education Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation

G8 Education Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, G8 Education Limited and the controlled entities in the tax consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, G8 Education Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate G8 Education Limited for any current tax payable assumed and are compensated by G8 Education Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to G8 Education Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

NOTE 2: FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: interest rate risk, credit risk, foreign exchange risk and liquidity risk. The Group's overall Risk Management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, and other risks, and ageing analysis for credit risk.

Risk management is carried out under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as, interest rate risk, credit risk and investment of excess liquidity.

The Group holds the following financial instruments:

	Consolidated	
	2012 $	2011 $
Financial Assets		
Cash and cash equivalents	21,790,411	14,166,146
Trade and other receivables	12,711,378	8,109,984
Non-current receivables	1,865,034	-
	36,366,823	**22,276,130**
Financial Liabilities		
Trade and other payables	23,634,060	27,926,195
Borrowings	49,252,683	36,398,518
Derivative financial instruments	327,516	-
	73,214,259	**64,324,713**

(a) Foreign exchange risk

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

Foreign exchange risk arises from future commercial transaction and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The foreign exchange risk is managed through a natural hedge as the cash flows from operations are denominated in Singapore dollars.

No other hedging derivatives were put in place during the year to manage the foreign exchange risk.

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

	Consolidated	
	2012 SGD $	2011 SGD $
Cash and cash equivalents	826,738	738,293
Trade receivables	433,765	220,101
Trade payables	(233,354)	(470,372)
	1,027,149	**488,022**

Sensitivity

As the foreign exchange risk eventuates due to a net investment in a foreign operation any exchange differences shall be recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment. As a result if the Australian dollar weakened/strengthened by 5% against the Singapore dollar with all other variables held constant, the Group's post tax profit for the year would not change due to any exchange differences being taken to other comprehensive income. Other components of equity would have been $43,078 higher / $43,078 lower (2011 - $39,486 higher/ $39,486 lower) had the Australian dollar weakened/strengthened by 5% against the Singapore dollar.

(b) Interest Rate Risk

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk if the borrowings are carried at fair value. During 2012 and 2011, the Group's borrowings at variable rates were denominated in Australian dollars.

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

	31 December 2012		31 December 2011	
	Weighted avg interest rate %	Balance $	Weighted avg interest rate %	Balance $
Cash Balance	3.30%	21,790,411	2.83%	14,166,146
Bank Loan	5.50%	49,920,000	5.12%	36,437,637
Interest rate swaps (notional principal amount)	5.70%	30,000,000	-	-
Net exposure to cash flow interest rate risk		**(1,870,411)**		**22,271,491**

An analysis by maturities is provided in note 2 (d) below.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the various scenarios, the Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Group sensitivity

At 31 December 2012, if interest rates had changed by -0.75%/+ 0.25% absolute from the year end rates with all other variables held constant, post-tax profit for the year would have been $176,188 higher or $58,729 lower respectively (net profit for 2011:$209,182 or $208,865 respectively). Other components of equity would have been $197,804 higher or $603,088 lower respectively (2011 – Nil impact as no interest rate swaps in place) mainly as a result of an increase/decrease in the fair value of the cash flow hedges of borrowings.

(c) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to trade and other debtors.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised below.

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

	Consolidated	
	2012 $	2011 $
Trade receivables		
Counterparties with external credit rating		
AAA	2,105,443	1,279,034
Counterparties without external credit rating		
Receivables (current and non-current)	12,470,970	6,830,950
Total receivables	**14,576,413**	**8,109,984**
Cash at bank and short term deposits		
Counterparties with external credit rating - AA	21,790,411	14,166,146

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

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Details of financing arrangements are disclosed in note 21.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining term at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

Contractual maturities of financial liabilities	Consolidated 2012 $					
	0 to 6 months	6 to 12 months	Between 1 and 2 years	Between 2 and 5 years	Total contractual cash flows	Carrying Amount
Non Derivative						
Bank loan	1,510,250	1,551,814	3,232,928	50,368,746	56,663,738	49,920,000
Equipment loans	6,849	7,084	14,906	49,671	78,510	67,002
Deferred centre acquisition	800,000	950,000	400,000	-	2,150,000	2,150,000
Trade and other payables	21,484,060	-	-	-	21,484,060	21,484,060
Derivatives						
Net settled (interest rate swaps)	-	-	-	327,516	327,516	327,516

The bank loan facility has an expiry of 23 February 2015. Debt covenants are in place over this facility which were met as at 31 December 2012, and are forecast to be met throughout 2013.

Contractual maturities of financial liabilities	Consolidated 2011 $				
	0 to 6 months	6 to 12 months	Between 1 and 2 years	Between 2 and 5 years	Carrying Amount
Non Derivative					
Bank loan	-	-	-	36,437,637	36,437,637
Other loans	211,677	74,833	-	-	286,510
Equipment loans	10,480	18,971	-	-	29,451
Deferred centre acquisition	11,940,000	3,311,000	-	-	15,251,000
Trade and other payables	11,499,455	1,175,740	-	-	12,675,195

(e) Fair value measurements

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

AASB 7 Financial Instruments: 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 presents the Group's assets and liabilities measured and recognised at fair value at 31 December 2012 and 31 December 2011:

At 31 December 2012	Level 1	Level 2	Level 3	Total
Liabilities				
Derivatives used for hedging	-	327,516	-	327,516

At 31 December 2011	Level 1	Level 2	Level 3	Total
Liabilities				
Derivatives used for hedging	-	-	-	-

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

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.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

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;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(j). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 16 for details of these assumptions and the potential impact of changes to these assumptions.

(ii) Deferred contingent consideration on acquisition of business

The Group includes the fair value of deferred contingent consideration as a liability for the acquisition of a business where it expects the earn-out target to be met during the measurement period. This judgement is based on operational due diligence and knowledge of the business trading conditions including location, occupancy and profitability at the time of settlement.

(iii) Contingent liability

a. Australia – The Group is a defendant in proceedings before the A.C.T Supreme Court. The proceedings relate to the decision by the Company not to proceed with the purchase of two child care centres in the A.C.T. in 2008. The plaintiff is seeking an order that the Company perform the contracts of $3.9m, being the price of the two leasehold child care centres which the Group had contracted to purchase. The case was heard in April 2009 and judgement has been reserved. It is not known when the decision will be handed down.

b. Singapore - In 2010, G8 Education entered into a Business Acquisition Contract (BAC) with Cherie Hearts Group International (CHGI), Sam Yap and Gurchran Singh as a means to acquire the majority of the Singapore assets of CHGI and its subsidiary companies. Litigation arose therefrom and the disputed matters were heard in the High Court of Singapore in 2011. Prakash J ruled in favour of G8 Education in April 2012 and ordered specific performance of the BAC. CHGI appealed the matter. The Court of Appeal also ruled in favour of G8 Education. Financial close of the BAC was still pending as at 31 December 2012. The CHGI receivable disclosed in Note 10 is the sum of interest due to G8 Education on the outstanding CHGI loan account balance plus unreimbursed monies outlaid on behalf of CHGI in running the relevant child care centres. G8 Education was managing the centres on behalf of CHGI at the direction of the Court. Acquisition accounting cannot be completed as at 31 December 2012 because financial close with respect to the BAC had not occured.

NOTE 4: SEGMENT INFORMATION

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors 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 following information is in respect of that 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 altered from the last Annual Report on the basis that the Singapore operations do not meet the quantitative threshold required by AASB 8 and the Directors have concluded that this segment is not required to be disclosured separately as it is anticipated that in the future Singapore operations will be a diminishing contributor to the consolidated revenue and profit due to the anticipated growth in the Australian operations in comparison to the growth of the Singapore operations.

NOTE 5: REVENUE

	Consolidated	
	2012 $	2011 $
From continuing operations		
Sales revenue		
Revenue from child care centres	174,807,526	134,156,609
Other revenue		
Royalties	1,851,109	1,890,772
Interest *	2,368,261	1,902,160
Total revenue from operations	**179,026,896**	**137,949,541**

**Includes interest earned from loans to Key Management Personnel as disclosed in note 26.*

NOTE 6: OTHER INCOME

		Consolidated	
		2012 $	2011 $
Net gain on disposal of assets		10,076	651,137
Deferred consideration not payable	(a)	954,404	4,298,816
		964,480	**4,949,953**

(a) Deferred consideration not payable

The deferred consideration is not payable due to certain centres not achieving the earn-out EBIT hurdle for the earn-out period. As a result, in accordance with AASB 3 business combinations, the earn-out amount which was disclosed as a liability in deferred consideration has been written back to the Consolidated Income Statement.

NOTE 7: EXPENSES

	Consolidated	
	2012 $	2011 $
Profit before income tax includes the following specific expenses:		
Depreciation		
Buildings	37,500	37,500
Vehicles	37,556	142,976
Furniture, fittings and equipment	1,981,704	1,530,154
Total Depreciation	**2,056,760**	**1,710,630**
Finance Costs		
Interest and finance charges paid/payable	2,538,619	2,188,401
Rental expenses relating to operating leases		
Minimum lease payments	20,589,365	16,599,491
Amortisation		
Facility fees	473,255	191,671
Impairment		
Intangible assets and plant and equipment	9,103	586,718
Bad & doubtful debts	251,267	130,561

NOTE 8: INCOME TAX EXPENSE

	Consolidated	
	2012 $	2011 $
(a) Income tax expense		
Current tax	8,725,486	5,659,946
Deferred tax	(1,065,773)	(215,775)
Income tax expense	**7,659,713**	**5,444,171**
Income tax expense is attributable to:		
Profit from continuing operations	7,659,713	5,444,171
	7,659,713	**5,444,171**
Deferred income tax expense included in income tax expense comprises:		
Increase in deferred tax assets (refer note 15)	(1,065,773)	(215,775)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	26,868,323	22,694,522
Tax on operations at the Australian tax rate of 30% (2011:30%)	8,060,497	6,808,357
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment	45,378	27,082
Other	150	355
Net gain on disposals	(48,652)	(195,341)
Impairment	-	176,015
Share based payment reserve adjustment	-	(7,825)
Deferred consideration not payable	(286,321)	(1,289,645)
Business acquisition costs	210,841	-
Share issue adjustment	75,052	-
Difference in overseas tax rates	(397,232)	(74,827)
Income tax expense	**7,659,713**	**5,444,171**
Weighted average tax rate*	29%	24%
(c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting year and not recognised in net profit or loss but directly debited or credited to equity		
Net deferred tax – debited (credited) directly to equity	609,211	314,587
(d) Tax expense (income) relating to items of other comprehensive income		
Cash flow hedges	(98,255)	-

** The increase in weighted average tax rate from 2011 to 2012 is a result of a reduction in the tax effect of the deferred consideration not payable in 2012 compared to 2011.*

NOTE 9: CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated	
	2012 $	2011 $
Cash at bank and in hand	21,776,971	5,022,889
Deposits at call*	13,440	9,143,257
	21,790,411	**14,166,146**

**The effective average interest rate for the deposits at call was 3.71%. Included above is $13,440 used as security against the Company's bank guarantee facility (2011 - $2,979,998) as such this cash balance cannot currently be used for operating activties.*

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

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	Consolidated	
	2012 $	2011 $
Balance as per note 9	21,790,411	14,166,146
Term deposits held as security against bank guarantees	(13,440)	(2,979,998)
Balance as per Statement of Cash Flows	**21,776,971**	**11,186,148**

(b) Risk Exposure

The Group's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

NOTE 10: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated	
	2012 $	2011 $
Trade and other receivables		
Trade receivables	4,571,381	3,069,061
Allowance for impairment of receivables (note (a) below)	(148,155)	(25,205)
	4,423,226	**3,043,856**
CHGI debtor*	7,163,079	2,542,610
GST Receivable	352,590	261,219
Other debtors	772,483	1,423,886
Loans to Key Management Personnel**	-	838,413
Total trade and other receivables	**12,711,378**	**8,109,984**

** See note 3 (iii) b.*

*** See note 30 (d).*

(a) Impaired trade receivables

As at 31 December 2012 current trade receivables of the Group with a nominal value of $296,310 (2011 - $50,409) were assessed for impairment. The amount of the allowance for impairment was $148,155 (2011 - $25,205).

The ageing of these receivables is as follows:

	Consolidated	
	2012 $	2011 $
Up to 3 months	296,310	50,409
	296,310	**50,409**

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

	Consolidated	
	2012 $	2011 $
Opening balance	25,205	71,418
Allowance for impairment recognised during the year	251,267	130,561
Receivables written off during the year as uncollectable	(128,317)	(176,774)
Closing balance	**148,155**	**25,205**

The creation and release of the provision for impaired receivables has been included in ‘other expenses’ in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering the cash.

(b) Past due but not impaired

As at 31 December 2012, trade receivables of $2,486,665 (2011 - $1,719,383) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated	
	2012 $	2011 $
Up to 3 months	2,356,356	1,676,007
3 to 6 months	42,263	43,376
Over 6 months	88,046	-
	2,486,665	**1,719,383**

The amount past due but not impaired in 2012 is greater than that of 2011 due to the increased number of centres in the Group at year end compared to the prior year.

(c) Fair value and credit risk

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

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

NOTE 11: CURRENT ASSETS - OTHER

	Consolidated	
	2012 $	2011 $
Other current assets		
Prepayments	2,610,668	1,569,093
Deposits	1,636,779	574,306
Deposits on acquisitions	12,502,419	12,116,215
Total other current assets	**16,749,866**	**14,259,614**

(a) Deposits on acquisitions – Cherie Hearts

As announced on 28 October 2010 the Company entered into a contract to purchase the assets of Cherie Hearts International Group ("CHGI"). The total purchase price is $19.23 million. As at 31 December 2012, $12,502,419 has been paid and is accounted for as a deposit.

In 2010, G8 Education entered into a Business Acquisition Contract (BAC) with Cherie Hearts Group International (CHGI), Sam Yap and Gurchran Singh as a means to acquire the majority of the Singapore assets of CHGI and its subsidiary companies. Litigation arose therefrom and the disputed matters were heard in the High Court of Singapore in 2011. Prakash J ruled in favour of G8 Education in April 2012 and ordered specific performance of the BAC. CHGI appealed the matter. The Court of Appeal also ruled in favour of G8 Educaiton. Financial close of the BAC was still pending as at 31 December 2012.

NOTE 12: CURRENT ASSETS – ASSETS CLASSIFIED AS HELD FOR SALE

	Consolidated	
	2012 $	2011 $
Current assets classified as held for sale		
Property, plant & equipment	55,852	-
Goodwill	51,848	-
Total Assets classified as held for sale	**107,700**	**-**

In December 2012 the Directors of G8 Education Limited decided to sell three under performing child care centres. There are several interested parties and the sale is expected to occur by June 2013.

NOTE 13: NON-CURRENT ASSETS – RECEIVABLES

	Consolidated	
	2012 $	2011 $
Loans to Key Management Personnel	1,865,034	-
	1,865,034	**-**

Further information relating to loans to Key Management Personnel is set out in note 26.

(a) Impaired receivables and receivables past due

None of the non-current receivables are impaired or past due but not impaired.

(b) Fair values

The fair values and carrying values of non-current receivables are as follows:

	2012		2011	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Loans to nominees of Key Management Personnel	1,865,034	1,865,034	-	-
	1,865,034	**1,865,034**	-	-

(c) Risk exposure

Information about the Group's exposure to credit risk and interest rate risk is provided in note 2. The maximum exposure to credit risk at the end of the reporting year is the carrying amount of each class of receivables.

NOTE 14: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

Consolidated	Buildings $	Vehicles $	Furniture,fittings and equipment $	Total $
Year ended 31 December 2012				
Opening net book amount	1,348,239	283,955	6,343,220	7,975,414
Additions through business combinations	-	173,264	300,000	473,264
Additions - other	-	322,715	4,001,912	4,324,627
Assets included in a disposal group classified as held for sale and other disposals	-	-	(80,430)	(80,430)
Depreciation charge	(37,500)	(37,556)	(1,981,704)	(2,056,760)
Exchange differences	-	-	10,165	10,165
Closing net book amount	**1,310,739**	**742,378**	**8,593,163**	**10,646,280**
At 31 December 2012				
Cost	1,500,001	1,127,248	13,983,847	16,611,096
Accumulated depreciation	(189,262)	(384,870)	(5,390,684)	(5,964,816)
Net book amount	**1,310,739**	**742,378**	**8,593,163**	**10,646,280**

Consolidated	Buildings $	Vehicles $	Furniture,fittings and equipment $	Total $
Year ended 31 December 2011				
Opening net book amount	1,385,739	339,784	4,324,155	6,049,678
Additions through business combinations	-	33,797	1,507,167	1,540,964
Additions - other	-	85,559	2,137,481	2,223,040
Assets included in a disposal group classified as held for sale and other disposals	-	(32,209)	(95,429)	(127,638)
Depreciation charge	(37,500)	(142,976)	(1,530,154)	(1,710,630)
Closing net book amount	**1,348,239**	**283,955**	**6,343,220**	**7,975,414**
At 31 December 2011				
Cost	1,500,001	631,269	9,752,200	11,883,470
Accumulated depreciation	(151,762)	(347,314)	(3,408,980)	(3,908,056)
Net book amount	**1,348,239**	**283,955**	**6,343,220**	**7,975,414**

(a) Leasehold Improvements

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

	Consolidated	
	2012 $	2011 $
Cost	5,737,599	3,903,251
Accumulated depreciation	(1,744,429)	(1,094,943)
Net book amount	**3,993,170**	**2,808,308**

(b) Leased assets

Vehicles and furniture, fittings and equipment includes the following amounts where the Group is a lessee under a finance lease:

	Consolidated	
	2012 $	2011 $
Cost	73,717	217,969
Accumulated depreciation	(3,926)	(117,963)
Net book amount	**69,791**	**100,006**

(c) Non-current assets pledged as security

Refer to note 21(b) for information on the non-current assets pledged as security by the Company and its controlled entities.

NOTE 15: NON-CURRENT ASSETS – DEFERRED TAX ASSETS

Deferred Tax Asset	Consolidated	
	2012 $	2011 $
The balance comprises temporary differences attributable to:		
Employee benefits	2,398,184	1,504,104
Cash flow hedging	98,255	-
Share issue transaction costs	779,563	626,081
	3,276,002	**2,130,185**
Other		
Doubtful debts	44,446	7,561
Accrued expenses	713,715	162,326
Sub total other	758,161	169,887
Total deferred tax assets	**4,034,163**	**2,300,072**
Deferred tax assets to be recovered within 12 months	2,961,257	1,570,655
Deferred tax assets to be recovered after more than 12 months	1,072,906	729,417
	4,034,163	**2,300,072**
Deferred Tax Liability		
Prepayments	(476,378)	(417,271)
Total deferred tax liability	(476,378)	(417,271)
Net Deferred Tax Asset	**3,557,785**	**1,882,801**

Movements	Consolidated				
	Tax Losses $	Employee benefits $	Share Issue Transaction Costs $	Other $	Total $
At 1 January 2011	**-**	**785,713**	**663,964**	**(97,238)**	**1,352,439**
Charged to the Consolidated Income Statement	-	718,391	(352,471)	(150,145)	215,775
Charged directly to equity	-	-	314,587	-	314,587
At 31 December 2011	**-**	**1,504,104**	**626,080**	**(247,383)**	**1,882,801**
Charged to the Consolidated Income Statement	-	894,079	(357,473)	529,167	1,065,773
Charged directly to equity	-	-	510,956	98,255	609,211
At 31 December 2012	**-**	**2,398,183**	**779,563**	**380,039**	**3,557,785**

NOTE 16: NON-CURRENT ASSETS – INTANGIBLE ASSETS

	Consolidated	
Goodwill	2012 $	2011 $
Year ended 31 December		
Opening net book amount	142,082,894	72,786,538
Additions	59,564,858	70,094,169
Adjustment in respect of prior year acquisition	266,008	-
Disposals	(201,848)	(211,095)
Exchange differences	101,776	-
Impairment charge	-	(586,718)
Closing net book amount	**201,813,688**	**142,082,894**
At 31 December		
Cost	212,865,612	153,134,818
Accumulated impairment	(11,051,924)	(11,051,924)
Net book amount	**201,813,688**	**142,082,894**

(a) Impairment tests for goodwill

Goodwill is tested for impairment on an operating segment level as outlined in note 1(j). The recoverable amount of the child care centre assets in the segment is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts for 2013 and then extrapolated using estimated growth rates. The growth rate does not exceed the long-term average growth rate for the business in which the segment operates.

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

The value in use calculation is based on forecast EBITDA which is a function of occupancy, child care fees and centre expenses. Occupancy and child care fees are based on the current market conditions plus anticipated annual increases. Centre expenses include the following key items:

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

The anticipated occupancy reflects seasonal factors and underlying growth in occupancy achieved from the implementation of the Group's strategies. Economic occupancy levels represent the key to financial success for G8 Education Limited given the largely fixed cost-base of child care centres.

The impairment model has the following key attributes;

- No centre EBITDA growth until the end of lease and option years;
- Pre-tax discount rate of 13% (WACC);
- Full head office costs allocated to each cash generating unit based on centre licence capacity to the consolidated Group;
- Assumed additional expenditure of $15,000 per centre per annum to maintain assets in their current state; and
- Terminal growth calculation with a growth rate of 2%.

(c) Impairment charge

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

AASB 136 Impairment of assets requires the Group to recognise an impairment loss if the recoverable amount of an asset is less than its carrying amount.

Sensitivity Analysis on Impairment calculations as at 31 December	Profit Impact 2012 $'000
Movement in WACC (+ 5%)	-
Movement in WACC (-5%)	-
Movement in EBITDA (+ 5%)	-
Movement in EBITDA (- 5%)	-

NOTE 17: CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated	
	2012 $	2011 $
Trade payables	4,516,617	2,230,444
Deferred centre acquisitions	2,150,000	15,251,000
Dividends payable	4,920,972	1,874,185
Centre enrolment advances	3,111,991	2,351,479
Other payables and accruals	4,825,428	3,693,832
Income received in advance	4,109,052	2,525,255
	23,634,060	**27,926,195**

NOTE 18: CURRENT LIABILITIES – BORROWINGS

	Consolidated	
	2012 $	2011 $
Secured		
Bank loan	2,720,350	15,342
Equipment loans	-	29,451
Other loans	-	271,168
Total current borrowings	**2,720,350**	**315,961**

(a) Interest rate risk exposures

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

(b) Fair value disclosures

Details of the fair value of borrowings for the Group are set out in note 21(e).

NOTE 19: EMPLOYEE ENTITLEMENTS

	Consolidated	
	2012 $	2011 $
Employee benefits	7,471,389	4,367,387
	7,471,389	**4,367,387**

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

The current provision for employee benefits includes accrued annual leave and long service leave. For long service leave, it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	Consolidated	
	2012 $	2011 $
Leave obligations expected to be settled after 12 months	747,139	436,739
	747,139	**436,739**

NOTE 20: DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated	
	2012 $	2011 $
Non-Current Liability		
Interest rate swap contracts – cash flow hedges (a)	327,516	-
Total non-current derivative financial instrument liability	**327,516**	**-**

(a) Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies (refer to note 2).

Interest rate swap contracts – cash flow hedges

Bank loans of the Group currently bear an average variable interest rate of 5.50%. It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into an interest rate swap contract under which it is obligated to receive interest at variable rates and to pay interest at fixed rates.

The swap currently in place cover approximately 60% (2011 – Nil) of the variable loan principal outstanding. The fixed interest rates are 5.7% (2011 – Nil) and the variable rates are 2.3% above the 90 day bank bill rate which at the end of the reporting period was 3.21%.

The contracts require settlement of net interest receivable or payable each 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The gain or loss from remeasuring the hedging instruments at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve, to the extent that the hedge is effective. It is reclassified into the profit or loss when the hedged interest expense is recognised. In the year ended 31 December 2012 no amount was reclassified into the profit or loss (2011 :Nil). There was no hedge ineffectiveness in the current or prior year.

NOTE 21: NON-CURRENT LIABILITIES – BORROWINGS

	Consolidated	
	2012 $	2011 $
Secured		
Bank loan	46,532,333	36,082,557
Total secured non-current borrowings	**46,532,333**	**36,082,557**
Total non-current borrowings	**46,532,333**	**36,082,557**

(a) Total secured liabilities

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

	Consolidated	
	2012 $	2011 $
Bank loan	49,252,683	36,097,898
Equipment	-	29,451
Other loans	-	271,168
Total secured liabilities	**49,252,683**	**36,398,517**

A portion of the bank loan amount disclosed above is classified as non-current due to the following;

- Facility agreement was signed on 23 February 2012 and is in place for a three year term;
- No annual review clauses of debt facility are in the facility agreement;
- The Group has met all covenants as at 31 December 2012 and forecast to meet the covenants over the facility term; and
- In the opinion of the Directors no material adverse events have occurred that would cause the debt facility to be reviewed.

(b) Assets pledged as security

The debt facility of the Group is secured by:

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

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

		Consolidated	
	Notes	2012 $	2011 $
Current			
First mortgage			
Current assets classified as held for sale	12	107,700	-
Floating charge			
Cash and cash equivalents	9	21,790,411	14,166,146
Trade and other receivables	10	12,711,378	8,109,984
Other current assets	11	16,749,866	14,259,614
Total current assets pledged as security		**51,359,355**	**36,535,744**
Non-current			
First mortgage			
Buildings	14	1,310,739	1,348,239
Floating charge			
Vehicles, plant and equipment	14	9,335,541	6,627,175
Other receivables	13	1,865,034	-
Total non-current assets pledged as security		**12,511,314**	**7,975,414**
Total assets pledged as security		**63,870,669**	**44,511,158**

(c) Financing arrangements

As at 31 December 2012 the following lines of credit were in place:

	Consolidated	
	2012 $	2011 $
Credit standby arrangements		
Total facilities		
Credit cards	250,000	170,000
Asset finance-leasing	250,000	200,000
	500,000	**370,000**
Used at balance date		
Credit cards	54,086	91,401
Asset finance-leasing	66,769	44,153
	120,855	**135,554**

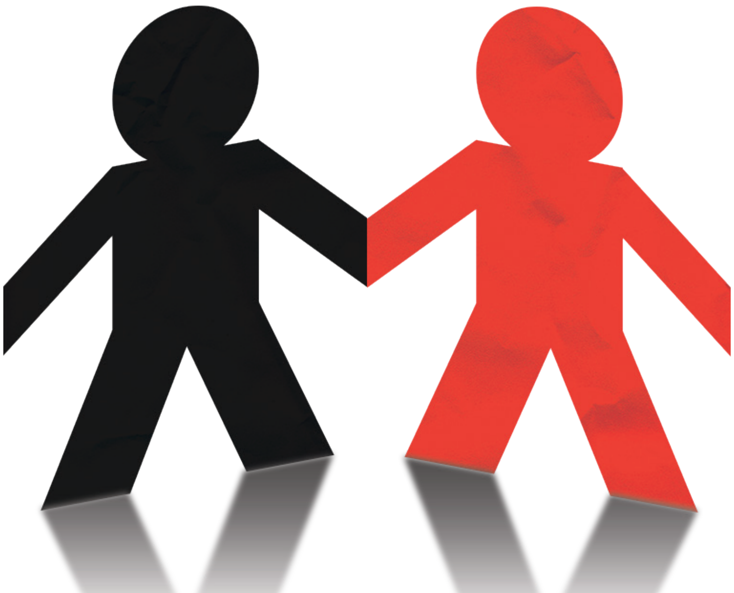
	Consolidated	
	2012 $	2011 $
Unused at balance date		
Credit cards	195,914	78,599
Asset finance-leasing	183,231	155,847
	379,145	**234,446**
Bank loan facilities		
Total facilities	50,000,000	50,000,000
Used at balance date	(49,920,000)	(36,680,000)
Unused at balance date	**80,000**	**13,320,000**
Bank Guarantee facilities		
Total Facilities	6,826,000	5,700,000
Used at Balance date	(6,734,719)	(4,976,136)
Unused at balance date	**91,281**	**723,864**

(d) Interest rate risk exposure

Information about the Group's exposure to interest rate changes is provided in note 2.

(e) Fair value

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



NOTE 22: NON-CURRENT LIABILITIES – PROVISIONS

	Consolidated	
	2012 $	2011 $
Employee benefits	1,072,906	741,145
	1,072,906	**741,145**

NOTE 23: CONTRIBUTED EQUITY

(a) Share capital

	Consolidated		Consolidated	
	2012 Shares	2011 Shares	2012 $	2011 $
Ordinary shares fully paid	246,048,593	187,418,479	180,159,525	117,829,441

(b) Movements in ordinary share capital

Details	Number of Shares	$
31 December 2010 Balance	**162,304,537**	**95,461,544**
Shares issued to vendors during the year	2,850,000	3,339,000
Exercise of options by Key Management Personnel	250,000	50,000
Share placement to institutions and professional investors	21,000,000	18,900,000
Dividend reinvestment plan	1,013,942	806,294
Transaction costs of shares issued	-	(734,037)
Transfer of option reserve for options exercised in 2011	-	6,640
31 December 2011 Balance	**187,418,479**	**117,829,441**
Share placement to institutions and professional investors	30,790,000	35,408,500
Share Purchase Plan to retail investors	9,156,885	10,530,426
Shares issued to vendors during the year	12,000,000	11,930,000
Shares issued to Key Management Personnel	2,142,857	1,690,937
Dividend reinvestment plan	4,540,372	3,962,453
Transaction costs of shares issued	-	(1,192,231)
31 December 2012 Balance	**246,048,593**	**180,159,525**

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on shares held.

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

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

(d) Options

Information relating to the options issued, exercised and lapsed during the year and options outstanding at the end of the financial year are as disclosed in note 26.

(e) Dividend reinvestment plan

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

(f) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

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

The gearing ratios at 31 December 2012 were as follows:

		Consolidated	
	Notes	2012 $	2011 $
Total borrowings	17,18,20,21	78,390,265	68,204,230
Less: cash and cash equivalents	9	(21,790,411)	(14,166,146)
Net debt		56,599,854	54,038,084
Total equity		182,307,582	115,164,091
Total capital		**238,907,436**	**169,202,175**
Gearing ratio		**24%**	**32%**
Adjusted Gearing ratio*		**24%**	**25%**

The Directors assess gearing based on a leverage rate of less than 40% calculated on total bank debt divided by total goodwill.
**The adjusted gearing ratio disclosed in 2011 above decreases total borrowings by $11.94m and increases total equity by the same amount. The $11.94m represents the deferred consideration for the Kindy Patch acquisition which was settled via the issue of G8 Education Ltd shares and not cash settled. The shares were issued in February 2012.*

G8 Education Limited has complied with the financial covenants of its borrowing facilities during the 2012 and 2011 reporting periods.

NOTE 24: RESERVES AND ACCUMULATED LOSSES

	Consolidated	
	2012 $	2011 $
(a) Reserves		
Share-based payments	59,237	-
Foreign currency translation	71,843	(789,720)
Cash flow hedges	(229,261)	-
Total Reserves	**(98,181)**	**(789,720)**
Movements		
Share-based payments		
Opening balance	-	31,444
Employee share options exercised	-	(6,640)
Employee share option expense	59,237	(24,804)
Closing balance	**59,237**	**-**
Foreign currency translation		
Opening balance	(789,720)	-
Currency translation differences arising during the year	861,563	(789,720)
Closing balance	**71,843**	**(789,720)**
Cash flow hedges		
Opening balance	-	-
Revaluation –gross	(327,516)	-
Deferred tax	98,255	-
Closing balance	**(229,261)**	**-**

	Consolidated	
	2012	2011
	$	$
(b) Retained earnings movements	**2,246,238**	**(1,875,630)**
Opening balance	(1,875,630)	(11,649,904)
Profit for the year	19,208,610	17,250,351
Dividends	(15,086,742)	(7,476,077)
Closing balance	**2,246,238**	**(1,875,630)**

(c) Nature and purpose of reserves

(i) Share-based payments

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

(ii) Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1(e) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(iii) Cash flow hedges

The hedging reserve is used to record gains or losses on hedging instruments in cash flow hedges that are recognised in other comprehensive income, as described in note 1(o). Amounts are reclassified to profit or loss when the associated hedge transaction affects profit or loss.

NOTE 25: DIVIDENDS

(a) Ordinary Shares

	2012 $	2011 $
Dividend for the quarter ended 31 March 2012 of 1.5 cent per share (2011: 1 cent per share) paid on 12 April 2012 (2011: Paid on 11 April 2011)	3,003,136	1,863,837
Dividend for the quarter ended 30 June 2012 of 1.5 cent per share (2011: 1 cent per share) paid on 9 July 2012 (2011: Paid on 11 July 2011)	3,056,555	1,866,865
Dividend for the quarter ended 30 September 2012 of 2.0 cent per share (2011: 1 cent per share) paid on 9 October 2012 (2011: Paid on 10 October 2011)	4,106,079	1,871,190
Dividend for the quarter ended 31 December 2012 of 2.0 cent per share (2011: 1 cent per share) paid on 11 January 2013 (2011: Paid 16 January 2012)	4,920,972	1,874,185
Total dividends provided for or paid	**15,086,742**	**7,476,077**
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 31 December 2012 and 2011 were as follows:		
Paid in cash	10,406,334	6,445,601
Satisfied by issue of shares	4,680,408	1,030,476
	15,086,742	**7,476,077**

(b) Franked credits

The franked portions of the December 2012 quarterly dividend will be franked out of existing franking credits.

	Consolidated		Parent entity	
	2012 $	2011 $	2012 $	2011 $
Franking credits available for subsequent financial years based on a tax rate of 30%	7,406,250	5,316,961	7,406,250	5,316,961

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

a) Franking credits that will arise from the payment of the amount of the provision for income tax;
b) Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
c) Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

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

NOTE 26: KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The following persons were directors of G8 Education Limited during the financial year:

(i) Chairperson –Independent non-executive

J J Hutson

(ii) Executive Directors

C J Scott

(iii) Non-executive directors

B H Bailison

A P S Kemp

S M Forrester

M Reynolds

(b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position	Employer
K R Lacey	Chief Executive Officer (resigned 16 January 2013)	G8 Education
C P Sacre	Chief Operating and Financial Officer and Company Secretary	G8 Education
D T Peters	Chief Financial Officer (resigned 27 September 2012)	G8 Education
J D Fraser	General Manager – Operations	G8 Education

(c) Key Management Personnel compensation

	Consolidated	
	2012 $	2011 $
Short term employee benefits	1,258,799	1,076,344
Post employment benefits	80,407	73,337
Share based payments	250,174	1,279
Termination payments	61,191	92,056
	1,650,571	1,243,016

The relevant information on detailed remuneration disclosures can be found in sections A-C of the Remuneration Report on pages 13-16.

(d) Equity instrument disclosures relating to Key Management Personnel

(i) Options provided as remuneration and shares issued on exercise of such options
Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in Section D of the Remuneration Report on pages 16-17.

(ii) Option holdings
The number of options over ordinary shares in the Company held during the financial year by each Director of G8 Education and other key personnel of the Group, including their associates, are set out in the following table:

2012

Other Key Management Personnel of the Group

Name	Balance at start of year	Granted as compensation	Exercised	Expired	Balance at end of the year	Vested and exercisable	Unvested
K R Lacey (resigned 16 January 2013)*	-	400,000	-	-	400,000	-	-

** The options issued to K R Lacey on 27 September 2012 are disclosed in detail in section D of the Remuneration Report on pages 16-17. 200,000 options were forfeited post year end at the time of the resignation of K R Lacey on 16 January 2013. The first tranche of 200,000 options are still held by K R Lacey and able to be exercised.*

2011

Other Key Management Personnel of the Group

Name	Balance at start of year	Granted as compensation	Exercised	Expired	Balance at end of the year	Vested and exercisable	Unvested
C P Sacre	250,000	-	250,000	-	-	-	-

(iii) Share holdings

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

2012

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of G8 Education Limited				
Ordinary Shares				
J J Hutson^	800,000	-	-	800,000
C J Scott^	2,000,000	-	-	2,000,000
B H Bailison	-	-	-	-
A P S Kemp	90,000	-	13,043	103,043
S M Forrester	-	-	-	-
M Reynolds	-	-	14,695	14,695
Other Key Management Personnel of the Group				
Ordinary Shares				
K R Lacey#	-	-	-	-
C P Sacre^**	500,000	-	785,714	1,285,714
D T Peters*	-	-	-	-
J D Fraser^	3,345	-	857,143	860,488

 # K R Lacey was Chief Executive Officer until her resignation on 16 January 2013
^ Shares held by nominee
** D T Peters was Chief Financial Officer until his resignation on 27 September 2012*
***C P Sacre sold 500,000 shares during the year and his nominee acquired 1,285,714.*

2011

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of G8 Education Limited				
Ordinary Shares				
J J Hutson^	800,000	-	-	800,000
C J Scott^	2,000,000	-	-	2,000,000
C G Chapman*	1,208,333	-	-	1,208,333
B H Bailison	-	-	-	-
A P S Kemp	-	-	90,000	90,000
S M Forrester	-	-	-	-
M Reynolds	-	-	-	-
Other Key Management Personnel of the Group				
Ordinary Shares				
C P Sacre	500,000	250,000	(250,000)	500,000
J D Fraser	3,345	-	-	3,345
M J Crawford	3,000	-	-	3,000

^ Shares held by nominee

** C G Chapman was a director until his resignation on 26 August 2011.*

Loans to Key Management Personnel

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

(i) Aggregates for Key Management Personnel

Group	Balance at the start of the year $	Interest paid and payable for the year $	Interest not charged $	Balance at the end of the year $	Number in Group at the end of the year
2012	838,413	70,205	-	1,865,034	3
2011	900,385	46,361	-	838,413	2

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

2012

Name	Balance at the start of the year $	Interest paid and payable for the year $	Interest not charged $	Balance at the end of the year $	Highest indebtedness during the year $
C J Scott	441,372	20,643	-	342,349	449,365
C P Sacre	-	29,737	-	913,611	913,611
J D Fraser	-	19,825	-	609,074	609,074

2011

Name	Balance at the start of the year $	Interest paid and payable for the year $	Interest not charged $	Balance at the end of the year $	Highest indebtedness during the year $
C G Chapman (resigned on 26 Aug. 2011)	422,893	22,481	-	397,041	422,893
C J Scott	477,492	23,880	-	441,372	477,492

Loans outstanding at the end of the current year, made to current directors and other Key Management Personnel of G8 Education Limited include a secured loan to the nominee of Mr C J Scott of $700,000, Mr C P Sacre of $900,000 and Mr J D Fraser of $600,000 all of which were made for a period of three years and are repayable in full on 25 April 2015. Interest is payable on these loans at the rate of 6% per annum. All dividends paid for the shares issued under the loan agreement are used to repay the loan interest balance. The loans are full recourse and were issued to align executive interests with shareholders.

No write-downs or allowances for doubtful receivables have been recognised in relation to any loans made to Key Management Personnel.

(e) Other transactions with Key Management Personnel

Details of material transactions and their impact on the financial statements exclusive of GST at year end that Key Management Personnel and their related entities had with the Group during the year are as follows:

The following transactions occurred with Mr C J Scott up until 31 December 2012:

		2012 $	2011 $
Mr C J Scott (Managing Director) who had the following transactions:			
a) Interest charged on share loan agreement	Revenue Interest income	20,643	23,880
b) Loan granted to nominee of Mr C J Scott to purchase 2,000,000 shares G8 Education Limited for a total amount of $700,000 plus accrued interest less repayments	Non-current receivables	342,349	441,372

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

The following transactions occurred with Mr C P Sacre up until 31 December 2012:

		2012 $	2011 $
Mr C P Sacre (Chief Operating and Financial Officer) who had the following transactions:			
c) Interest charged on share loan agreement	Revenue Interest income	29,737	-
d) Loan granted to nominee of Mr C P Sacre to purchase 1,285,714 shares G8 Education Limited for a total amount of $900,000 plus accrued interest less repayments	Non-current receivables	913,611	-
e) Share based payment expense for the difference in market price of the shares issued in (d) above compared to loan value	Employment Expenses Equity	114,562	-
f) Issue of 1,285,714 shares to nominee of Mr C P Sacre as described in (d) above	Equity Contributed Equity	1,014,562	-

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

The following transactions occurred with Mr J D Fraser up until 31 December 2012:

		2012 $	2011 $
Mr J D Fraser (General Manager of Operations)who had the following transactions:			
g) Interest charged on share loan agreement	Revenue Interest income	19,825	-
h) Loan granted to nominee of Mr J D Fraser to purchase 857,143 shares G8 Education Limited for a total amount of $600,000 plus accrued interest less repayments	Non-current receivables	609,074	-
i) Share based payment expense for the difference in market price of the shares issued in (h) above compared to loan value	Employment Expenses Equity	76,375	-
j) Issue of 857,143 shares to nominee of Mr J D Fraser as described in (h) above	Equity Contributed Equity	676,375	-

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

		2012 $	2011 $
Mrs Karenlee Lacey (Chief Executive Officer - resigned 16 January 2013) who had the following transactions:			
k) Share based payment expense in relation to options	Employment Expenses Equity	59,237	-

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

Revenue		
Interest income	70,205	46,361
Expenses		
Employment expense	250,174	-
Current assets		
Trade and other receivables	-	-
Non Current assets		
Receivables	1,865,034	838,413
Equity		
Contributed equity	1,690,937	-

NOTE 27: REMUNERATION OF AUDITORS

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

	Consolidated	
	2012 $	2011 $
1. Audit services		
HLB Mann Judd		
Audit and review of financial reports – half year	55,000	42,620
Audit and review of financial reports – year end	90,500	75,000
Total Remuneration for audit services	**145,500**	**117,620**

	Consolidated	
	2012 $	2011 $
1. Non-audit services		
HLB Mann Judd (SE QLD Partnership/Gold Coast Pty Ltd)		
Advisory services	-	6,250
Taxation services	21,771	31,535
Total remuneration for non-audit services	**21,771**	**37,785**

It is the Group's practice to employ HLB Mann Judd on assignments additional to their statutory audit duties where HLB Mann Judd's expertise and experience with the Group are important. These assignments are principally tax advice, or where HLB Mann Judd is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects.

NOTE 28: CONTINGENCIES

(a) Contingent liabilities

The Group had contingent liabilities at 31 December 2012 in respect of:

a. Australia – The Group is a defendant in proceedings before the A.C.T Supreme Court. The proceedings relate to the decision by the Company not to proceed with the purchase of two child care centres in the A.C.T. in 2008. The matter was heard before the Supreme Court of ACT in April 2009.

The plaintiff is seeking an order that the Company perform the contracts of $3.9m, being the price of the two leasehold child care centres which the Group had contracted to purchase. The case has been heard and judgement has been reserved. It is not known when the decision will be handed down.

b. Singapore - In 2010, G8 Education entered into a Business Acquisition Contract (BAC) with Cherie Hearts Group International (CHGI), Sam Yap and Gurchran Singh as a means to acquire the majority of the Singapore assets of CHGI and its subsidiary companies. Litigation arose therefrom and the disputed matters were heard in the High Court of Singapore in 2011. Prakash J ruled in favour of G8 Education in April 2012 and ordered specific performance of the BAC. CHGI appealed the matter. The Court of Appeal also ruled in favour of G8 Education. Financial close of the BAC was still pending as at 31 December 2012.

NOTE 29: COMMITMENTS

(a) Capital commitments

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

(b) Lease commitments : Group as lessee

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

	Consolidated	
	2012 $	2011 $
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Payable:		
Within one year	26,013,889	22,859,853
Later than one year but no later than five years	92,179,516	72,681,098
Later than five years	52,972,560	46,290,185
	171,165,965	**141,831,136**
Representing:		
Non-cancellable operating leases	171,165,965	141,831,136

(ii) Finance Leases

	Consolidated	
	2012 $	2011 $
Commitments in relation to vehicle finance leases are payable as follows:		
Within one year	16,733	46,812
Later than one year but no later than five years	61,833	-
Minimum lease payments	78,566	46,812
Future finance charges	(11,564)	(2,019)
Total lease liabilities	**67,002**	**44,793**
Representing lease liabilities:		
Current	13,429	44,793
Non-current	53,573	-
	67,002	**44,793**

NOTE 30: RELATED PARTY TRANSACTIONS

(a) Parent entity

The parent entity within the Group is G8 Education Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 33.

(c) Key Management Personnel

For details of transactions that Key Management Personnel and their related entities had with the Group during the year refer note 26 (e) and (f).

(d) Outstanding balance arising from transactions with related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2012 $	2011 $
Current receivables *(provision of services)*		
Key Management Personnel	-	838,413
Non-Current receivables *(provision of services)*		
Key Management Personnel	1,865,034	-
Current payables *(purchase of goods and services)*		
Key Management Personnel	-	6,973

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties. All transactions with related parties during the year were made on normal commercial terms and conditions. Outstanding balances are unsecured and are repayable in cash.

NOTE 31: BUSINESS COMBINATIONS

1. 2012 Business Combinations

Seven business combination events occurred in the current period.

The acquisitions have increased the Group's market share and are expected to reduce costs per centre through economies of scale. The goodwill is attributable to the future profitability of the acquired businesses and is a result of the expected synergies from combining operations of the acquiree and the acquirer. The intangible assets acquired do not qualify for separate recognition, as no intangibles acquired can be transferred or sold to any acquirer.

(a) On 2 March 2012 the parent entity acquired one child care centre in Victoria

Details of the purchase consideration, the fair value of the assets and liabilities and goodwill are as follows:

Purchase consideration	$
Cash consideration	805,000
Contingent consideration	800,000
Purchase price adjustments	(65,865)
Total purchase consideration	**1,539,135**

Assets and liabilities acquired	Fair Value $
The assets and liabilities recognised as a result of the acquisition are as follows:	
Property plant and equipment	-
Payables	(21,425)
Employee benefit liabilities	(44,440)
Net identifiable assets/(liabilities) acquired	(65,865)
Goodwill	1,605,000
	1,539,135

Contingent consideration

The contingent consideration arrangement required the Group to pay the former owner of the centre a deferred cash payment in the event that the centre based EBIT exceeds $400,000 for the period from 1 April 2012 to 31 March 2013. It has been determined that this deferred consideration will be payable based on the centre EBIT achieved for the year ended 31 December 2012.

Acquisition-related costs

Legal and due diligence costs of $1,045 relating to the acquisition have been expensed.

Revenue and profit contribution

The acquired business contributed revenues of $1,495,462 and profit before tax of $502,703 to the Group for the period 2 March 2012 to 31 December 2012. Contribution from the acquisition to both revenue and profit for the year ended 31 December 2012, had the acquisition settled on 1 January 2012, is impractical to quantify.

(b) On 1 June 2012 and 17 August 2012 the parent entity acquired 3 child care centres in Victoria.

Details of the purchase consideration, the fair value of the assets and liabilities and goodwill are as follows:

Purchase consideration	$
Cash consideration	10,000,000
Purchase price adjustments	(335,100)
Total purchase consideration	**9,664,900**

Assets and liabilities acquired	Fair Value $
The assets and liabilities recognised as a result of the acquisition are as follows:	
Property plant and equipment	87,000
Payables	(38,200)
Employee benefit liabilities	(332,857)
Net identifiable assets/(liabilities) acquired	(284,057)
Goodwill	9,948,957
	9,664,900

Acquisition-related costs

Legal and due diligence costs of $39,388 relating to the acquisition have been expensed.

Revenue and profit contribution

The acquired businesses contributed revenues of $3,180,367 and profit before tax of $1,019,140 to the Group for the period 1 June 2012 and 17 August 2012 to 31 December 2012. Contribution from the acquisition to both revenue and profit for the year ended 31 December 2012, had the acquisition settled on 1 January 2012, is impractical to quantify.

(c) On 28 September 2012 the parent entity acquired two child care centres in Victoria. Details of the purchase consideration, the fair value of the assets and liabilities and goodwill are as follows:

Purchase consideration	$
Cash consideration	1,820,000
Contingent consideration	550,000
Purchase price adjustments	(103,755)
Total purchase consideration	**2,266,245**

Assets and liabilities acquired	Fair Value $
The assets and liabilities recognised as a result of the acquisition are as follows:	
Property plant and equipment	40,000
Payables	(10,367)
Employee benefit liabilities	(93,388)
Net identifiable assets/(liabilities) acquired	(63,755)
Goodwill	2,330,000
	2,266,245

Contingent consideration

The contingent consideration arrangement requires the Group to pay the former owner of the two centres a deferred cash payment in the event that the centre based EBIT exceeds $600,000 for the 12 months from 1 October 2012 to 30 September 2013. The deferred payment will be based on four times actual centre EBIT. The deferred consideration is capped at $550,000. The payment of the contingent consideration is to be paid by the Group on or before 30 November 2013.

Acquisition-related costs

Legal and due diligence costs of $18,783 relating to the acquisition have been expensed.

Revenue and profit contribution

The acquired business contributed revenues of $832,277 and profit before tax of $117,584 to the Group for the period 28 September to 31 December 2012. Contribution from the acquisition to both revenue and profit for the year ended 31 December 2012, had the acquisition settled on 1 January 2012, is impractical to quantify.

(d) On 28 September 2012 the parent entity acquired three child care centres in Victoria. Details of the purchase consideration, the fair value of the assets and liabilities and goodwill are as follows:

Purchase consideration	$
Cash consideration	6,001,773
Contingent consideration	400,000
Purchase price adjustments	(398,805)
Total purchase consideration	**6,002,968**

Assets and liabilities acquired	Fair Value $
The assets and liabilities recognised as a result of the acquisition are as follows:	
Property plant and equipment	60,000
Payables	(21,890)
Employee benefit liabilities	(433,173)
Net identifiable assets/(liabilities) acquired	(395,063)
Amounts held in trust pending final adjustments	336,000
Goodwill	6,062,031
	6,002,968

Contingent consideration

The contingent consideration arrangement requires the Group to pay the former owner of the three centres a deferred cash payment in the event that the centre based EBIT exceeds $1.6m for the 12 months from 1 October 2012 to 30 September 2013. The deferred payment will be based on four times actual centre EBIT. The deferred consideration is capped at $400,000. The payment of the contingent consideration is to be paid by the Group on or before 30 November 2013.

Acquisition-related costs

Legal and due diligence costs of $21,954 relating to the acquisition have been expensed.

Revenue and profit contribution

The acquired business contributed revenues of $1,819,333 and profit before tax of $322,518 to the Group for the period 28 September to 31 December 2012. Contribution from the acquisition to both revenue and profit for the year ended 31 December 2012, had the acquisition settled on 1 January 2012, is impractical to quantify.

(e) On 19 October 2012 the parent entity acquired seven child care centres in New South Wales. Details of the purchase consideration, the fair value of the assets and liabilities and goodwill are as follows:

Purchase consideration	$
Cash consideration	9,712,089
Purchase price adjustments	(395,298)
Total purchase consideration	**9,316,791**

Assets and liabilities acquired	Fair Value $
The assets and liabilities recognised as a result of the acquisition are as follows:	
Property plant and equipment	286,264
Payables	(98,470)
Employee benefit liabilities	(347,478)
Net identifiable assets/(liabilities) acquired	(159,684)
Goodwill	9,476,475
	9,316,791

Acquisition-related costs

Legal and due diligence costs of $36,089 relating to the acquisition have been expensed.

Revenue and profit contribution

The acquired business contributed revenues of $1,327,275 and profit before tax of $486,785 to the Group for the period 19 October to 31 December 2012. Contribution from the acquisition to both revenue and profit for the year ended 31 December 2012, had the acquisition settled on 1 January 2012, is impractical to quantify.

(f) On 9 November 2012 the parent entity acquired sixteen child care centres with fourteen in Victoria and two in Queensland.

Details of the purchase consideration, the fair value of the assets and liabilities and goodwill are as follows:

Purchase consideration	$
Cash consideration	28,000,000
Purchase price adjustments	(1,461,194)
Total purchase consideration	**26,538,806**

Assets and liabilities acquired	Fair Value $
The assets and liabilities recognised as a result of the acquisition are as follows:	
Property plant and equipment	-
Payables	(464,114)
Employee benefit liabilities	(994,475)
Net identifiable assets/(liabilities) acquired	(1,458,589)
Goodwill	27,997,395
	26,538,806

Acquisition-related costs

Legal and due diligence costs of $81,018 relating to the acquisition have been expensed.

Revenue and profit contribution

The acquired business contributed revenues of $3,643,590 and profit before tax of $865,938 to the Group for the period 9 November to 31 December 2012. Contribution from the acquisition to both revenue and profit for the year ended 31 December 2012, had the acquisition settled on 1 January 2012, is impractical to quantify.

(g) On 14 December 2012 the parent entity acquired one child care centre in Victoria.

Details of the purchase consideration, the fair value of the assets and liabilities and goodwill are as follows:

Purchase consideration	$
Cash consideration	2,000,000
Contingent consideration	400,000
Purchase price adjustments	(35,000)
Total purchase consideration	**2,365,000**

Assets and liabilities acquired	Fair Value $
The assets and liabilities recognised as a result of the acquisition are as follows:	
Property plant and equipment	-
Net identifiable assets/(liabilities) acquired	-
Amounts held in trust pending final adjustments	220,000
Goodwill	2,145,000
	2,365,000

Contingent consideration

The contingent consideration arrangement requires the Group to pay the former owner of the centre a deferred cash payment in the event that the centre based EBIT exceeds $600,000 for the 12 months from 1 January 2013 to 31 December 2013. The deferred payment will be based on four times actual centre EBIT. The deferred consideration is capped at $400,000. The payment of the contingent consideration is to be paid by the Group on or before 28 February 2014.

Acquisition-related costs

Legal and due diligence costs of $5,000 relating to the acquisition have been expensed.

Revenue and profit contribution

The acquired business contributed revenues of $50,861 and profit before tax of $(10,427) to the Group for the period 14 December to 31 December 2012. Contribution from the acquisition to both revenue and profit for the year ended 31 December 2012, had the acquisition settled on 1 January 2012, is impractical to quantify.

NOTE 32: PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ended 31 December 2012 the parent entity of the Group was G8 Education Limited.

Result of parent entity	2012 $	2011 $
Profit for the year after tax	3,795,515	5,079,948
Other comprehensive income	229,261	-
Total comprehensive income for the year	**4,024,776**	**5,079,948**
Financial position of parent entity at year end		
Current assets	46,916,047	29,740,733
Non-current assets	205,615,994	151,322,813
Total assets	**252,532,041**	**181,063,546**
Current liabilities	33,033,219	30,770,426
Non-current liabilities	68,618,686	50,281,818
Total liabilities	**101,651,905**	**81,052,244**
Total equity of parent entity comprising of:		
Contributed equity	180,159,526	117,829,441
Reserves	(170,024)	-
Accumulated losses	(29,109,366)	(17,818,139)
Total equity	**150,880,136**	**100,011,302**

Parent entity contingencies

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

The parent entity had contingent liabilities at 31 December 2012 in respect of:

a. Australia – The Group was a defendant in proceedings before the A.C.T Supreme Court. The proceedings relate to the decision by the Company not to proceed with the purchase of two child care centres in the A.C.T. in 2008. The plaintiff is seeking an order that the Company perform the contracts of $3.9m, being the price of the two leasehold child care centres which the Group had contracted to purchase. The case has been heard and judgement has been reserved. It is not known when the decision will be handed down.

b. Singapore - In 2010, G8 Education entered into a Business Acquisition Contract (BAC) with Cherie Hearts Group International (CHGI), Sam Yap and Gurchran Singh as a means to acquire the majority of the Singapore assets of CHGI and its subsidiary companies. Litigation arose therefrom and the disputed matters were heard in the High Court of Singapore in 2011. Prakash J ruled in favour of G8 Education in April 2012 and ordered specific performance of the BAC. CHGI appealed the matter. The Court of Appeal also ruled in favour of G8 Education. Financial close of the BAC was still pending as at 31 December 2012.

Parent entity guarantees in respect of the debts of its subsidiaries

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

Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in note 34.

Loans from subsidiaries

During the year ended 31 December 2012, the parent entity issued and incurred loans from its wholly owned subsidiaries which are interest free and with no fixed terms of repayments. These loans are at call with no defined repayment period.

NOTE 33: SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b).

			Equity holding *	
Name of entity	Country of incorporation	Class of shares	2012 %	2011 %
Subsidiaries of Company				
Grasshoppers Early Learning Centre Pty Ltd	Australia	Ordinary	52	52
Togalog Pty Ltd	Australia	Ordinary	100	100
RBWOL Holding Pty Ltd	Australia	Ordinary	100	100
Ramsay Bourne Holdings Pty Limited	Australia	Ordinary	100	100
Bourne Learning Pty Ltd	Australia	Ordinary	100	100
Ramsay Bourne Acquisitions (No.1) Pty Limited	Australia	Ordinary	100	100
Ramsay Bourne Acquisitions (No.2) Pty Limited	Australia	Ordinary	100	100
RBL No. 1 Pty Ltd	Australia	Ordinary	100	100
Ramsay Bourne Licences Pty Limited	Australia	Ordinary	100	100
World Of Learning Pty Limited	Australia	Ordinary	100	100
World Of Learning Acquisitions (No.1) Pty Limited	Australia	Ordinary	100	100
World Of Learning Acquisitions Pty Limited	Australia	Ordinary	100	100
World Of Learning Licences Pty Limited	Australia	Ordinary	100	100
G8 KP Pty Ltd	Australia	Ordinary	100	100
G8 Singapore Pte Ltd	Singapore	Ordinary	100	100
Cherie Hearts Corporate Pte Ltd	Singapore	Ordinary	100	100
Cherie Hearts Holdings Pte Ltd	Singapore	Ordinary	100	100
Cherie Hearts @ SC Pte Ltd	Singapore	Ordinary	100	100
Cherie Hearts @ YS Pte Ltd	Singapore	Ordinary	100	100
Cherie Hearts @ KK Pte Ltd	Singapore	Ordinary	100	100
Cherie Hearts @ TM Pte Ltd	Singapore	Ordinary	100	100
Cherie Hearts @ SK Pte Ltd	Singapore	Ordinary	100	100
Bright Juniors @ PGL Pte Ltd	Singapore	Ordinary	100	100
Cherie Hearts @ Gombak Pte Ltd	Singapore	Ordinary	100	100
Bright Juniors Pte Ltd	Singapore	Ordinary	100	100
Subsidiaries of Togalog Pty Ltd				
Grasshoppers Early Learning Centre Pty Ltd	Australia	Ordinary	48	48

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

NOTE 34: DEED OF CROSS GUARANTEE

G8 Education Limited, Grasshoppers Early Learning Centre Pty Ltd, Togalog Pty Ltd, RBWOL Holding Pty Ltd (Formerly Payce Child Care Pty Ltd), Ramsay Bourne Holdings Pty Ltd, Bourne Learning Pty Ltd (Formerly Ramsay & Bourne Pty Ltd), Ramsay Bourne Acquisitions (No.1) Pty Ltd, Ramsay Bourne Acquisitions (No.2) Pty Ltd, RBL (No. 1) Pty Ltd, Ramsay Bourne Licences Pty Ltd, World Of Learning Pty Ltd, World Of Learning Acquisitions (No.1) Pty Ltd, World Of Learning Acquisitions Pty Ltd and World Of Learning Licences Pty Ltd, G8 KP Pty Ltd are parties to a deed of cross guarantee under which each Company guarantees the debts of the others. By entering into the deed RBWOL Holding Pty Ltd, World of Learning Pty Ltd, Ramsay Bourne Holding Pty Ltd and Ramsay Bourne Acquisitions (No 2) Pty Ltd have been relieved from the requirement to prepare a Financial Report and Directors' Report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

(a) Consolidated statements of comprehensive income

G8 Education Limited, RBWOL Holding Pty Ltd, World of Learning Pty Ltd, Ramsay Bourne Holding Pty Ltd and Ramsay Bourne Acquisitions (No 2) Pty Ltd represent a 'closed group' for the purposes of the Class Order. The other parties to the deed of cross guarantee listed above do not require relief from Class Order 98/1418 as they do not meet the threshold to prepare a financial report and Directors' Report. All parties to the deed of cross guarantee (as listed above) are wholly owned subsidiaries of G8 Education Limited and the entire Group represent the 'extended closed group'.

Set out on page 100 is a consolidated statement of comprehensive income for the year ended 31 December 2012 of the closed group consisting of G8 Education Limited, RBWOL Holding Pty Ltd, World of Learning Pty Ltd, Ramsay Bourne Holding Pty Ltd and Ramsay Bourne Acquisitions (No 2) Pty Ltd.

	2012 $	2011 $
Revenue from continuing operations	163,469,327	127,013,977
Other Income	964,480	4,949,953
Expenses		
Employee benefits expense	(99,628,492)	(77,696,202)
Occupancy	(20,907,147)	(17,200,517)
Direct costs of providing services	(12,625,497)	(9,217,168)
Legal fees	(783,984)	(247,872)
Amortisation	(473,255)	(191,671)
Depreciation expense	(1,891,985)	(1,621,401)
Impairment	(9,103)	(547,747)
Insurance	(503,403)	(484,513)
Other Expenses	(3,821,628)	(2,137,012)
Finance costs	(2,538,618)	(2,187,739)
Total expenses	**(143,183,112)**	**(111,531,842)**
Profit before income tax	21,250,695	20,432,088
Income tax (expense)	(6,990,807)	(5,346,318)
Profit for the year	**14,259,888**	**15,085,770**
Other Comprehensive income for the year, net of Tax	(229,261)	-
Total Comprehensive income for the year	**14,030,627**	**15,085,770**

(b) Balance Sheets

Set out below is a consolidated balance sheet as at 31 December 2012 of the closed group consisting of G8 Education Limited, RBWOL Holding Pty Ltd, World of Learning Pty Ltd, Ramsay Bourne Holding Pty Ltd and Ramsay Bourne Acquisitions (No 2) Pty Ltd.

	2012 $	2011 $
Current assets		
Cash and cash equivalents	21,009,027	13,439,307
Trade and other receivables	12,212,470	5,199,634
Other current assets	15,891,240	18,411,580
Assets classified as held for sale	107,700	-
Total current assets	**49,220,437**	**37,050,521**
Non-current assets		
Receivables	1,865,034	-
Investments in extended Group	8,698,155	7,503,700
Property, plant and equipment	9,834,227	7,374,986
Deferred tax assets	3,557,786	1,882,801
Intangible assets	192,400,992	133,680,518
Total non-current assets	**216,356,194**	**150,442,005**
Total assets	**265,576,631**	**187,492,526**
Current liabilities		
Trade and other payables	22,520,137	26,928,756
Borrowings	3,013,427	315,961
Provisions	7,199,108	4,027,484
Derivative Liability	327,516	-
Current tax liabilities	4,645,231	3,711,626
Total current liabilities	**37,705,419**	**34,983,827**
Non-current liabilities		
Borrowings	46,239,256	36,082,557
Borrowings from extended group	6,628,185	3,067,595
Provisions	1,041,029	717,909
Total non-current liabilities	**53,908,470**	**39,868,061**
Total liabilities	**91,613,889**	**74,851,888**
Net assets	**173,962,742**	**112,640,638**
Equity		
Contributed equity	180,159,525	117,840,544
Reserves	(170,024)	-
Accumulated losses	(6,026,759)	(5,199,906)
Total equity	**173,962,742**	**112,640,638**

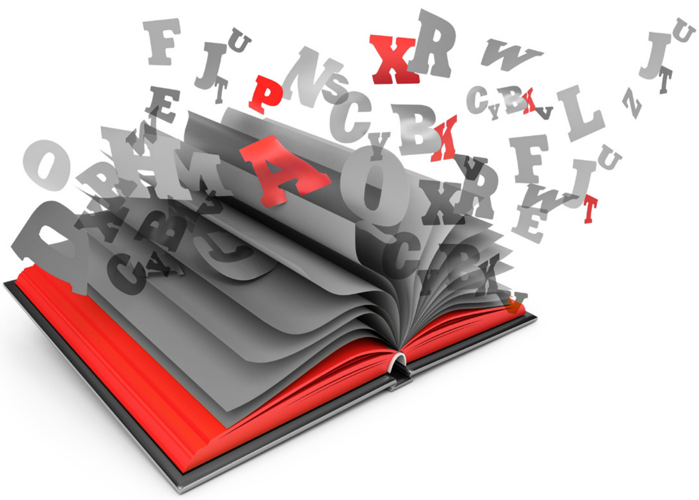
NOTE 35: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The following material matters have taken place subsequent to year end:

- Resignation of CEO, Karenlee Lacey on 16 January 2013;
- G8 Education Limited raising $35m through a placement to institutional and sophisticated investors resulting in the issue of 24,137,931 shares. The placement was completed at $1.45 per share;
- G8 Education announced the proposed acquisition of 12 childcare centres for $18.7m;and
- G8 Education announced the quarterly dividend would increase from 2 cents per share per quarter fully franked to 2.5 cents per share per quarter fully franked from the March 2013 quarterly dividend.

NOTE 36: RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2012 $	2011 $
Profit for the year	19,208,610	17,250,351
Depreciation and amortisation	2,056,760	1,710,630
Impairment expense	9,103	586,718
Net gain on sale of operations	(10,076)	(651,137)
Write back of deferred consideration not payable	(954,404)	(4,298,816)
Increase in borrowing cost prepayments	379,237	332,017
Amortisation of borrowing costs	473,255	191,671
Tax benefit on equity – non cash	609,211	314,587
Option expense – non cash	-	(24,804)
(Increase) in trade and other debtors	(5,439,806)	(7,469,380)
(Increase) in deferred tax asset	(1,674,984)	(530,363)
Increase in trade and other payables	4,800,535	1,857,920
Increase in other provisions	704,413	198,987
Non-cash employee benefits expense - share based payments	250,174	-
Increase in provision for income taxes payable	1,296,489	3,378,425
Interest income	(1,754,970)	(1,088,686)
Net cash inflows from operating activities	**19,953,547**	**11,758,120**



NOTE 37: EARNINGS PER SHARE

	Consolidated 2012 Cents	Consolidated 2011 Cents
(a) Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company	8.95	9.27
(b) Diluted earnings per share		
Profit from continuing operation attributable to the ordinary equity holders of the Company	8.94	9.27
Profit attributable to the ordinary equity holders of the Company	**8.94**	**9.27**
(c) Reconciliation of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	19,208,610	17,250,351
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	19,208,610	17,250,351

	Consolidated 2012 Number	Consolidated 2011 Number
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	214,559,200	186,034,545
Adjustments for calculation of diluted earnings per share:		
Options	400,000	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	214,959,200	186,034,545

NOTE 38: SHARE-BASED PAYMENTS

Details of options over ordinary shares in G8 Education Limited provided as remuneration to Key Management Personnel of the Group are set out below. Value of options at grant date is set out below. When exercisable, each option is convertible into one ordinary share of G8 Education Limited. Further information on the options are set out in note 23, 24 and 26 to the financial statements.

The terms and conditions of each grant of options affecting remuneration in the previous, current or future reporting years are as follows:

Grant Date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
27 September 2012	27 September 2012	27 March 2014	$1.27	$0.2193
27 September 2012	27 September 2013	27 March 2015	$1.27	$0.2953

The model inputs for options granted during the year ended 31 December 2012 included:

Options were granted for:	No consideration
Exercise price:	$1.27 per share
Grant date:	27 September 2012
Vesting date:	Tranche A - vesting date of 27 September 2012 Tranche B - vesting date of 27 September 2013
Expiry date:	Tranche A - expiry date of 27 March 2014 Tranche B - expiry date of 27 March 2015
Expected price volatility of the Group's shares:	55%
Expected dividend yield:	7.3% (Tranche 1) and 8.3% (Tranche 2)
Risk-free interest rate:	Tranche A – 2.7333% Tranche B – 2.4664%
Escrow year:	Nil

Refer to the Directors' Report Section D on pages 16 and 17 for further details.

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.5 years.

(a) Fair value of options granted

There were 400,000 options granted during the year ended 31 December 2012. The assessed fair value at grant date of the options issued during the year ended 31 December 2012 was $102,920.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the year from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-fee interest rate for the term of the option.

(b) Expenses arising from share based transactions

Expenses arising from share-based payment transactions recognised during the year as part of employee benefit expenses were as follows:

	Consolidated	
	2012 $	2011 $
Options issued under executive option plan	(59,237)	(24,804)
Share based payment expense on fair value adjustment on shares issued to nominees of C P Sacre and J D Fraser	(190,937)	-
	(250,174)	**(24,804)**

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 30 to 104 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 31 December 2012 and of its performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed Group identified in note 34 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 34.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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

Jenny Hutson.

Jennifer J Hutson
Chairperson
25 February 2013

HLB Mann Judd

Accountants | Business and Financial Advisers

Independent Auditor's Report to the Members of

G8 Education Limited

Report on the Financial Report

We have audited the accompanying financial report of G8 Education Limited ("the company"), which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Independent Auditors Report (continued)

Independence

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

Auditor's Opinion

In our opinion:

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

  (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 17 of the directors' report for the year ended 31 December 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of G8 Education Limited for the year ended 31 December 2012 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

Accountants | Business and Financial Advisers

Independent Auditors Report (continued)

Matters relating to the electronic presentation of the audited financial report and remuneration report

This auditor's report relates to the financial report and remuneration report of G8 Education Limited for the financial year ended 31 December 2012 published in the annual report and included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report and remuneration report. If users of the financial report and remuneration report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report and remuneration report.

HLB MANN JUDD
Chartered Accountants

HLB Mann Judd.

C J M King
Partner

Brisbane, Queensland
25 February 2013

Shareholder Information

The total issued capital of the Company as at 31 December 2012 was 246,048,593. On 11 January 2013, 753,824 shares were issued pursuant to the dividend reinvestment plan. On 12 February 2013, 24,137,931 shares were issued following a placement. The total issued capital of the Company as at the date of this annual report is 270,940,348.

The Shareholder information set out below was applicable as at 4 February 2013.

(a) Distribution of equity securities

Analysis of number of equity security holders by size of holding:

	Class of equity security		
	Shares	Holders	Options
100,001 and Over	223,907,891	100	-
10,001 – 100,000	18,286,656	665	-
5,001 - 10,000	2,812,521	367	-
1,001 - 5,000	1,693,156	557	-
1 - 1,000	102,193	221	-
	246,802,417	**1,910**	-

There were 79 holders of less than a marketable parcel of ordinary shares.

(b) Quoted Equity security holders

Twenty largest quoted equity security holders.

Name	Quoted Ordinary Shares held	Percentage of issued shares
J P MORGAN NOMINEES AUSTRALIA LIMITED	35,918,344	14.55%
NATIONAL NOMINEES LIMITED	27,908,798	11.31%
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD	27,880,063	11.30%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	22,643,826	9.17%
WALLACE INFRASTRUCTURE PTY LTD	20,021,739	8.11%
ORCHARD AUSTRALIA HOLDINGS PTY LTD	12,599,043	5.10%
CITICORP NOMINEES PTY LIMITED	12,071,601	4.89%
BNP PARIBAS NOMS PTY LTD	10,983,864	4.45%
CRAIG GRAEME CHAPMAN <NAMPAC DISCRETIONARY AC>	7,500,000	3.04%
JUWARSEH SCOTT	4,046,376	1.64%
BRAZIL FARMING PTY LTD	3,863,043	1.57%
BNP PARIBAS NOMINEES PTY LTD	3,250,000	1.32%
CHRISTOPHER DOUGLAS PASSFIELD & RHONDA PASSFIELD	3,000,000	1.22%
GWYNVILL TRADING PTY LTD	2,003,368	0.81%
THE TRAVEL MANAGERS PTY LTD	1,930,000	0.78%
AUST EXECUTOR TRUSTEES LTD <CHARITABLE FOUNDATION>	1,587,113	0.64%
AUSTRALIAN EXECUTOR TRUSTEES LTD	1,565,217	0.63%
WILLIAM MAPSTONE & LYNN MAPSTONE	1,500,000	0.61%
CPSJLS PTY LTD	1,285,714	0.52%
CUSTODIAL SERVICES LIMITED	1,248,997	0.51%
	202,807,106	**82.17%**

(c) Substantial holders

Substantial holders as at February 2012 in the Company are set out below:

Ordinary shares	Number held	Percentage
PERPETUAL LIMITED	29,889,139	11.03%
WALLACE INFRASTRUCTURE PTY LTD	24,000,000	8.88%
NORHTCAPE CAPITAL	17,149,433	6.33%
	71,038,572	**37.27%**

(d) Voting rights

The voting rights attached to each class of equity securities are set out below.

(i) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share will have one vote.

(ii) Options

There are no voting rights attached to the options.

(e) Unquoted Securities

There are no unquoted securities on issue.

Corporate Directory

Directors
J Hutson, Non-Executive Director
C Scott, Managing Director
B Bailison, Non-Executive Director
A Kemp, Non-Executive Director
S Forrester, Non-Executive Director
M Reynolds, Non-Executive Director

Company Secretary
C Sacre

Principal Registered Business Office in Australia
G8 Education Limited is a Company limited by shares, incorporated, and domiciled in Australia. It's registered office and principal place of business is:

Pegasus Centre, Suite 27
42-46 Bundall Road
Bundall QLD 4217
Telephone: 07 5581 5300
Facsimile: 07 5581 5311
www.g8education.com

Share Registry:
Advanced Share Registry Limited
150 Stirling Hwy
Nedlands, WA 6009

Auditor:
HLB Mann Judd
Level 15, 66 Eagle Street
Brisbane, QLD 4000

Lawyers:
Minter Ellison Gold Coast
165 Varsity Parade
Varsity Lakes QLD 4217

Securities Exchange Listing
G8 Education Limited shares are listed on the Australian Securities Exchange.

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