G8 Education[ltd]

Appendix 4D

Name of Entity:	G8 Education Ltd
ABN:	95 123 828 553
Current Financial Period Ended:	Half-Year ended 30 June 2010
Previous Corresponding Reporting Period	Half-Year ended 30 June 2009

Results for Announcement to the Market

	Percentage change Up or Down	%		$'000
Revenue from ordinary activities	Up	48%	to	23,282
Profit from ordinary activities after tax attributable to members	Up	197%	to	686
Profit for the period attributable to members	Up	197%	to	686

Dividends	Amount per Security	Franked amount per security
Interim Dividend – Current reporting period	Nil	Nil
Record date for determining entitlements to dividends (if any)	Not applicable	
Date Dividend is payable	Not applicable	
Details of any dividend reinvestment plan in operation	Dividend reinvestment plan is in operation	
The last date for receipt of an election notice for participation in any dividend reinvestment plan	Not applicable	

Net Tangible Assets (NTA)	June 2010	June 2009
Net Tangible Assets per security	($0.13)	($0.29)

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

G8 Education Ltd does not have a large tangible asset base as it is a service organisation. G8 Education's value is derived from its ability to generate future profits.

The company acquired 100% of the issued capital of Payce Child Care Pty Limited on 25 March 2010 and acquired a further 10 child care centres in a separate transaction on 28 June 2010.

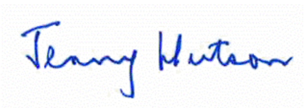
Shares on issue increased from 44,000,000 to 121,563,230 during the half-year period.

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

Refer to the attached Interim Report for the half-year ended 30 June 2010.

Compliance Statement

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



Jennifer J Hutson
Chairperson
Bundall,
16 August 2010

G8 Education ltd

ABN 95 123 828 553

Interim Report

For the Half-Year Ended 30 June 2010

#31383

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Corporate Directory

Directors	Jennifer J Hutson *Chairman - Non Executive* Christopher J Scott *Managing Director* Brian H Bailison *Non Executive* Craig G Chapman *Chief Executive Officer*
Principal registered office in Australia	Pegasus Centre, Suite 27 42-46 Bundall Road Bundall QLD 4217
Share register	Advanced Share Registry Limited 150 Stirling Highway Nedlands Western Australia 6009
Auditor	HLB Mann Judd (SE Qld Partnership) Level 15 66 Eagle Street Brisbane QLD 4000
Stock exchange listing	G8 Education Ltd shares are listed on the Australian Securities Exchange under the code GEM
Website address	www.g8education.com

Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of G8 Education Ltd and the entities it controlled at the end of, or during, the half-year ended 30 June 2010.

Directors

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

J J Hutson was appointed a director on 25 March 2010 and continues in office at the date of this report.

C J Scott was appointed a director on 25 March 2010 and continues in office at the date of this report.

B H Bailison was appointed a director on 25 March 2010 and continues in office at the date of this report.

C G Chapman was appointed a director on 25 March 2010 and continues in office at the date of this report.

A J P Staines was a director from the beginning of the financial year until her resignation on 27 May 2010.

A G Hartnell was a director from the beginning of the financial year until his resignation on 25 March 2010.

G J Kern was a director from the beginning of the financial year until his resignation on 25 March 2010.

Review of Operations

On 25 March 2010 the parent entity acquired 100% of the issued capital of Payce Child Care Pty Ltd and issued 64 million fully paid ordinary shares in the Company as consideration. The acquisition added 30 childcare centres to the group and 29 management contracts for other centres.

The Group Earnings Before Interest and Tax ("EBIT") for the half year ended 30 June 2010 are $1,584,094, and net profit before tax is $976,010 for the half year ended 30 June 2010.

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 4.

Auditor

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

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

Jenny Hutson

Jennifer J Hutson
Chairperson
Bundall,
16 August 2010

Auditors Independence Declaration

HLB Mann Judd

Accountants | Business and Financial Advisers

G8 Education Ltd
ABN 95 123 828 553

Auditors Independence Declaration under s.307C of the Corporations Act 2001 to the Directors of G8 Education Ltd

I declare that, to the best of my knowledge and belief, during the half year period ended 30 June 2010 there has 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

C KING
Partner

Date: 16 August 2010
Brisbane, Queensland

HLB Mann Judd (SE Qld Partnership) ABN 68 920 406 716
Level 15, 66 Eagle Street, Brisbane QLD 4000 | GPO Box 5225 Brisbane QLD 4001
Telephone +61 (0)7 3001 8800 | Facsimile +61 (0)7 3221 0812 | Email: infobne@hlbqld.com.au | Website: www.hlb.com.au
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Telephone +61 (0)7 5574 0922 | Facsimile +61 (0)7 5574 0632 | Email: infogc@hlbqld.com.au

Financial Statements

Statement of comprehensive income

For the half-year ended 30 June 2010

	Notes	30 June 2010 $	30 June 2009 $
Revenue from continuing operations		23,282,014	15,783,751
Expenses			
Expenses from ordinary activities			
Employee benefit expense		(15,325,208)	(10,905,694)
Occupancy		(2,964,614)	(2,000,528)
Direct costs of providing services		(1,730,277)	(1,124,759)
Amortisation		(71,949)	(94,575)
Depreciation expense		(434,601)	(272,587)
Evaluation and assessment costs incurred in respect of potential centre acquisitions		-	(190,898)
Other expenses		(1,171,272)	(1,584,930)
Finance costs		(608,083)	(574,841)
Total expenses		(22,306,004)	(16,748,812)
Profit / (Loss) before income tax		**976,010**	**(965,061)**
Income tax (expense) / benefit		(290,435)	262,976
Profit / (Loss) from continuing operations		685,575	(702,085)
Profit / (Loss) for the half-year		**685,575**	**(702,085)**
Other comprehensive income for the half-year net of tax		-	-
Total comprehensive income for the half-year		**685,575**	**(702,085)**
Earnings per share for profit attributable to the ordinary equity holders of the company:		**Cents**	**Cents**
Basic earnings/(loss) per share		0.87	(1.60)
Diluted earnings/(loss) per share		0.87	(1.60)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

As at half-year ended 30 June 2010

	Notes	30 June 2010 $	31 December 2009 $
ASSETS			
Current assets			
Cash and cash equivalents		323,653	172,976
Trade and other receivables		2,121,220	1,041,669
Other current assets		870,672	647,639
		3,315,545	1,696,888
Asset classified as held for sale		150,000	1,173,250
Total current assets		3,465,545	3,035,534
Non-current assets			
Receivables		1,025,202	-
Property plant and equipment		6,080,961	3,771,949
Deferred tax assets		2,360,748	2,153,436
Intangible assets		55,496,907	30,637,481
Total non-current assets		64,963,818	36,562,866
Total assets		68,429,363	39,598,400
LIABILITIES			
Current liabilities			
Trade and other payables		7,204,557	3,320,813
Deferred contingent consideration for acquisition		4,889,445	-
Borrowings		1,676,807	2,749,331
Total current liabilities		13,770,809	6,070,144
Non-current liabilities			
Borrowings		14,131,258	14,704,210
Provisions		518,174	57,947
Total non-current liabilities		14,649,432	14,762,157
Total liabilities		28,420,241	20,832,301
Net Assets		40,009,122	18,766,099
EQUITY			
Contributed equity		51,517,068	30,957,697
Reserves		31,920	33,843
Accumulated losses		(11,539,866)	(12,225,441)
Total equity		40,009,122	18,766,099

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the half-year ended 30 June 2010

Attributable to owners of the Group

Notes	Contributed equity $	Reserves $	Accumulated losses $	Total $
Balance 1 January 2009	**30,957,697**	**26,861**	**(12,071,637)**	**18,912,921**
Loss for the half-year	-	-	(702,085)	(702,085)
Balance 30 June 2009	**30,957,697**	**26,861**	**(12,773,722)**	**18,210,836**
Balance 1 January 2010	**30,957,697**	**33,843**	**(12,225,441)**	**18,766,099**
Profit for the half-year	-	-	685,575	685,575
Transactions with owners in their capacity as owners	-	-	-	-
Contributions of equity, net of transaction costs	20,557,448	-	-	20,557,448
Employee options exercised	1,923	(1,923)	-	-
Balance 30 June 2010	**51,517,068**	**31,920**	**(11,539,866)**	**40,009,122**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the half-year ended 30 June 2010

	Notes	30 June 2010 $	30 June 2009 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and service tax)		21,933,068	15,860,747
Payments to suppliers and employees (inclusive of goods and service tax)		(20,991,139)	(15,933,278)
Interest received		13,580	7,744
Borrowing costs		(8,674)	(54,141)
Interest paid		(593,756)	(333,784)
Tax paid		-	(30,635)
Net cash flows from operating activities		**353,079**	**(483,347)**
Cash flows from investing activities			
Cash acquired in acquisition		1,077,066	-
Proceeds from sale of property, plant & equipment		1,173,250	8,636
Payments for property plant & equipment		(422,454)	(281,515)
Payments for pre-acquisition costs		-	(192,794)
Proceeds from repayments of loans		84,490	-
Net cash out flows from investing activities		**1,912,352**	**(465,673)**
Cash flows from financing activities			
Proceeds from the issue of shares		50,000	-
Share issue costs		(187,403)	-
Proceeds from external borrowings		28,700	348,954
Repayment of borrowings		(2,006,051)	(167,696)
Net cash inflows from financing activities		**(2,114,754)**	**181,258**
Net Increase in cash and cash equivalents		**150,677**	**(767,762)**
Cash and cash equivalents at the beginning of the financial period		172,976	1,357,390
Cash and cash equivalents at end of period		**323,653**	**589,628**

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Notes to the half-year financial report

1. Basis of preparation of half-year report

(a) Basis of Accounting

This general purpose financial report for the interim half-year reporting period ended 30 June 2010 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, it is to be read in conjunction with the annual report for the year ended 31 December 2009 and any public announcements made by G8 Education Ltd (the Company) during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

2. Related party transactions

The following significant related party transactions took place during the half-year ended 30 June 2010

On 27 May 2010, in accordance with a resolution passed by shareholders at the Annual General Meeting, the Company provided loans of $1,400,000 to nominees of Mr Christopher Scott and Mr Craig Chapman, both of whom are related parties because they are directors of G8 Education Ltd. The loans were used to purchase a total of 4,000,000 fully paid ordinary shares in the Company.

The balance outstanding on the loans as at 30 June 2010 totals $1,025,202 and appears as Receivables within Non-Current Assets in the consolidated balance sheet on page 6 of this report.

3. Business combinations

Current period

Two 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 workforce and the profitability of the acquired businesses.

(a) On 25 March 2010 the parent entity acquired 100% of the issued capital of Payce Child Care Pty Ltd

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

Purchase consideration

	$
Shares issued – total purchase consideration	16,000,000

Assets and liabilities acquired

The assets and liabilities recognised as a result of the acquisition are as follows:	Fair Value $
Cash and cash equivalents	1,077,067
Property plant and equipment	2,325,811
Receivables	195,160
Prepayments	162,929
Net deferred tax assets	432,527
Payables	(3,423,348)
Employee benefit liabilities	(1,596,523)
Net identifiable (liabilities) acquired	(826,377)
Add goodwill	16,826,377
	16,000,000

Acquisition-related costs

Acquisition-related costs of $176,396 are included in share issue costs, reducing contributed equity, and $27,518 is included in legal expenses in the statement of comprehensive income.

(b) On 28 June 2010 the parent entity issued 9,313,230 shares in G8 Education Limited to the vendor's nominee and assumed management of the 10 centres; 6 in South Australia, 2 in Victoria and 1 each in New South Wales and Queensland. Settlement of the centres will be finalised once bank approval is received.

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

Purchase consideration

	$
Shares issued	3,259,630
Contingent consideration	4,889,445
Purchase price adjustments	(469,151)
Total purchase consideration	7,679,924

Assets and liabilities acquired

The assets and liabilities recognised as a result of the acquisition are as follows:	Fair Value $
Payables	(67,889)
Employee benefit liabilities	(201,262)
Net identifiable (liabilities) acquired	(269,151)
Add goodwill	7,949,075
	7,679,924

Contingent consideration

The contingent consideration arrangement requires the Group to pay the former owners of the 10 centres a cash payment equal to four times actual centre level Earnings Before Interest and Tax ("EBIT") for the 12 months ending 31 December 2010, less $3,259,630 (being the value of shares issued), up to a maximum of $4,889,445. The payment of the contingent consideration is to be paid by the Group on or before 28 February 2011. EBIT for the 12 months ending 31 December 2010 is to be determined by the Group's auditor not later than 14 February 2011.

If the aggregate actual EBIT of the 10 centres for the 12 months ending 31 December 2010 is less than $2,037,269, one of the two former owners must pay the Group $4.00 for each $1.00 that aggregate EBIT is less than $2,037,269, thereby reducing the net contingent consideration payable by the group.

Acquisition-related costs

Acquisition-related costs of $37,700 are included in share issue costs, reducing contributed equity and $297,248 is included in the value of the assets acquired.

Revenue and profit contribution

The acquired businesses contributed revenues of $7,189,392 and profit before tax of $940,427 to the Group for the period 25 March 2010 to 30 June 2010.

If the acquisitions had occurred on 1 January 2010, consolidated revenue and consolidated profit before tax for the half-year ended 30 June 2010 would have been $32,270,969 and $1,079,714 respectively.

Prior period

There were no business combination events in the half-year ended 30 June 2009

4. Contingencies

Contingent liabilities

The parent entity and Group had contingent liabilities at 30 June 2010 in respect of:

(a) G8 Education Ltd is a defendant in proceedings before the ACT 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 $3.9 million, being the price of the two leasehold childcare centres which ELS 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.

5. Events occurring after the balance sheet date

On 28 June 2010 the Company announced that a legally binding Heads of Agreement had been signed for the acquisition of a further ten childcare centres. Consideration for the acquisition consists of 3,555,426 ordinary shares in the Company at $0.55 per share and cash consideration, contingent upon EBIT performance, of $1,303,656. The shares will be issued upon settlement and the contingent cash consideration is due for payment by 31 August 2011.

On 27 July 2010 the Company announced that a legally binding Heads of Agreement had been signed for the acquisition of a further two childcare centres in Sydney, New South Wales. Consideration for the acquisition will consists of 2,805,493 ordinary shares in the Company to be issued at $0.60 per share and cash consideration, contingent upon profit performance, of $1,122,197. The shares will be issued upon settlement and the contingent cash consideration is due for payment by 31 August 2011.

On 2 August 2010 the Company announced that a legally binding Heads of Agreement had been signed for the acquisition of a further twenty childcare centres. 15 centres are located in NSW and 5 in Queensland. Consideration for the acquisition will consist of;

- the issue of 10,300,000 ordinary shares in the Company at $0.60 per share on financial completion
- the issue of a further 10,300,000 ordinary shares in the Company at $0.60 per share on 31 January 2012 subject to the centre based EBIT target of $4,500,000 being achieved in the 2011 calendar year
- The assumption of $5,600,000 in existing debt

The Heads of Agreement also gave the Company an option to undertake due diligence and transact on a further 5 centres.

No other matter or circumstance has arisen since 30 June 2010 that has significantly affected or may significantly affect;

a) the Group’s operations in further financial years; or
b) the results of those operations in further financial years; or
c) the Group’s state of affairs in further financial years.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 5 to 12 are in accordance with the *Corporations Act 2001,* including:

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

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the half-year ended on that date; and

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

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

Jennifer J Hutson
Chairperson
Bundall, 16 August 2010

Independent auditor's review report to the members

HLB Mann Judd

Accountants | Business and Financial Advisers

G8 Education Ltd
ABN 95 123 828 553

Independent Audit Review Report to the members of G8 Education Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of G8 Education Ltd (the Company), which comprises the Balance Sheet as at 30 June 2010, and the Statement of Comprehensive Income, Statement of changes in Equity and Statement of Cash Flows for the half-year ended on that date, other selected explanatory notes and the Directors' declaration for G8 Education Ltd.

Directors' Responsibility for the Half-Year Financial Report

The Directors of G8 Education Ltd are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of G8 Education Ltd's financial position as at 30 June 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of G8 Education Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

While we considered the effectiveness of management's internal control over financial reporting when determining the nature and extent of our procedure, our review was not designed to provide assurance on internal controls.

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

Matters relating to the electronic presentation of the reviewed financial report

This Auditor's Report relates to the financial report of the Company for the half-year ended30 June 2010, included on G8 Education Ltd's website. The Company's Directors are responsible for the integrity of G8 Education Ltd's website. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

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

G8 Education Ltd
ABN 95 123 828 553

Independent Audit Report (continued) to the members of G8 Education Ltd

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of G8 Education Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the half-year ended on that date; and

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

HLB Mann Judd.

HLB MANN JUDD

CJM King
Partner

Date: 16 August 2010
Brisbane, Queensland