

29 JANUARY 2016

Evolve completes acquisition of 101st ECE centre and files ASX quarterly cash flow report

Evolve Education Group Limited (“Evolve”) announces the acquisition of its 101st Early Childhood Education (“ECE”) centre, settled in December 2015.

As at 1 April 2015, Evolve operated 86 centres, adding a further 15 centres during the nine months to 31 December 2015.

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

The attached unaudited cash flow report is for the quarter ended 31 December 2015. Due to the four monthly cycle of Ministry of Education (“MOE”) funding which is received on the first trading day of March, July and November each year, only one MOE funding payment was received during this quarter on 1 November 2015. In total two MOE funding payments were received during the nine months ended 31 December 2015.

ENDS

For any further inquiries please contact:

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About Evolve

Evolve is a leading provider of high-quality multifaceted ECE services in New Zealand and is listed on the New Zealand and Australian Stock Exchanges. Evolve offers both centre-based and home-based services. It currently has 101 centres

nationwide under a number of leading ECE brands including Lollipops Educare, Leaps & Bounds and i.Kids. Evolve's home-based services include Porse and Au Pair Link. It offers a full management service for ECE centres through ECE Management. Evolve provides accredited training and quality education that focus on need of Teachers and education providers in the ECE industry through Porse Education & Training and Life Education & Training.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity

Evolve Education Group Limited

ARBN

601 709 237

Quarter ended ("current quarter")

31-Dec-2015

Note: The consolidated statement of cash flows is unaudited.

Consolidated statement of cash flows

		Current quarter	1-April-15 to 31-December-15
		\$NZ'000	\$NZ'000
Cash flows related to operating activities			
1.1	Receipts from customers	43,199	96,724
	Payments for (a) staff costs	(18,517)	(55,600)
	(b) advertising and marketing	-	-
1.2	(c) research and development	-	-
	(d) leased assets	(4,403)	(12,915)
	(e) other working capital	4,014	(1,363)
1.3	Dividends received	53	112
1.4	Interest and other items of a similar nature received	30	132
1.5	Interest and other costs of finance paid	(289)	(716)
1.6	Income taxes paid	-	(2,782)
1.7	Other - Integration Costs	(183)	(388)
1.8	Other - Acquisition costs	(185)	(908)
1.9	Other (provide details if material)	(5,516)	(15,547)
	Net operating cash flows	18,203	6,749

MOE funding is received by Evolve every four months. In the nine months to 31 Dec 2015 MOE funding was received on 1 July 2015 and 1 November 2015 only, with the next funding due on 1 March 2016.

		Current quarter \$NZ'000	1-April-15 to 31- December-15 \$NZ'000
1.8	Net operating cash flows (carried forward)	18,203	6,749
	Cash flows related to investing activities		
	Payment for acquisition of:		
	(a) businesses (item 5)	(3,093)	(17,806)
1.9	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(501)	(1,652)
	(e) other non-current assets	-	-
	(f) cash included on consolidation of subsidiary	-	-
	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
1.10	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material)	-	-
	Net investing cash flows	(3,594)	(19,458)
1.14	Total operating and investing cash flows	14,609	(12,709)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	26,600	72,025
1.18	Repayment of borrowings	(32,925)	(52,925)
1.19	Dividends paid	(3,682)	(3,682)
1.20	Other (issue costs relating to shares issued under DRP)	(38)	(38)
	Net financing cash flows	(10,045)	15,380
	Net increase (decrease) in cash held	4,564	2,671
1.21	Cash at beginning of quarter/year to date	2,717	4,610
1.22	Exchange rate adjustments to item 1.20		
1.23	Cash at end of quarter	7,281	7,281

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

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

		Current quarter NZ'000
1.24	Aggregate amount of payments to the parties included in item 1.2, 1.8 & 1.9	359
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Please refer disclosures in the Prospectus.

Non-cash financing and investing activities

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

Shares issued pursuant to dividend reinvestment plan (Increase share capital by NZ\$488k)

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

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$NZ'000	Amount used \$NZ'000
3.1	Loan facilities	90,000	19,100
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Compliance statement

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

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

Sign here:



Date: 29 January 2016

(Director/Company secretary)

Company Secretary

Print name:

Vivek Singh

Notes

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

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

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

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