Business Update – Cherie Hearts

G8 Education Limited announced on 28 October 2011 that it would be acquiring the Cherie Hearts childcare businesses in Singapore comprising 48 franchisees and 18 corporate child care businesses for AUD19.23 million. The nature of the arrangements saw G8 Education Limited advance funds to Cherie Hearts Group International Pte Ltd and exercise its rights under those arrangements.

In December 2010 G8 Education finalised the assignment and novation of the Cherie Hearts franchisee business. The franchisees now number 52.

In addition to the franchisee business G8 Education has, through wholly owned subsidiaries and contracts directly with third parties, the rights to operate 18 corporate child care businesses.

The total outlay in Singapore in relation to these assets is anticipated to be AUD16 million*.

G8 Education remains confident that its guidance for Singapore for 2011 remains achievable.

*Assuming an exchange rate of $1.28 for each Australian dollar.