ASX Announcement
G8 Education Limited
(ASX:GEM)

19 April 2011

Business Update

Divestment of 6 child care centres

G8 Education Limited (ASX:GEM) announced on 31 January 2011 that “up to 5% of the group’s centres were likely to be sold during the year with the net proceeds being used to acquire new centres.” G8 Education is pleased to announce one centre has been sold and that contracts have been signed to sell two further centres. The group is also in negotiations on a further three centre divestments. Net proceeds are expected to equate to the total current carrying value.

Acquisition of a further 6 child care centres in New South Wales

G8 Education has contracted to acquire a further 6 child care centres in New South Wales. The total purchase price based on a 4x centre EBIT multiple is $7.08 million with $4.609 million payable on completion and $2.471 million payment subject to an earnout based on the centre EBIT of $1.77m being achieved for the 12 months following completion. The deferred payment is capped at $2.471 million.

The acquisition will be funded from existing cash reserves and debt facilities.

The acquisition is anticipated to contribute to G8 Education Limited for 6 months of the 2011 financial year.

Guidance – 2011

G8 Education maintains its previously announced guidance as to anticipated net profit after tax for the 2011 financial year being $14.9 million.

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