14 July 2011

Singapore Acquisition and Litigation Update

Further to the ASX announcement dated 19 April 2011, G8 Education provides updates in relation to the Singapore Acquisition and Litigation:

**Acquisition of 5 centres**

As outlined in the 19 April 2011 announcement, the acquisition in Singapore devolved into three parts:

**Franchised centres** - These have been owned and operated by G8 Education since 1 December 2010. These centres are not part of the dispute between Cherie Hearts Group International and G8 Education;

**13 child care centres** – Owned by Cherie Hearts Group International subsidiaries but managed by a G8 Education subsidiary (with the operating profits from these centres flowing to G8 Education Limited). These centres were wholly or partly purchased by loan funds from G8 Education Limited under a Loan Agreement with Cherie Hearts Group International. G8 Education holds adequate security for the loans. These centres are part of the disputed matter.

**5 child care centres** – These centres were acquired from third parties and not affected by the legal dispute between Cherie Hearts Group International and G8 Education. G8 Education is pleased to announce that the operating profit from these 5 centres will flow to G8 Education from 1 July 2011. These 5 centres are forecast to produce an annual Earnings Before Interest and Tax of S$700,000 and were acquired for a total consideration of $2.68m. This equates to an EBIT acquisition multiple of 3.82 times.

**Cherie Hearts Acquisition Dispute**

A joint Pre Trial Conference and Directions Hearing was held recently to determine the future course of action in the dispute. The matter has been set down for a 10 day trial from 5 September 2011 until 16 September 2011. A further Pre Trial Conference has been scheduled for 15 August 2011. This date can be vacated if both parties are on schedule.

ENDS

Jenny Hutson
Chairperson
P: 07 3009 9800
E: jhutson@wellcap.com.au