



G8 Education^{ltd}

ASX Announcement

G8 Education Limited
(ASX:GEM)

18 August 2010

Acquisition Update

Queensland based listed child care operator G8 Education Limited (ASX: GEM) is pleased to announce by way of update that each of the transactions previously announced are now unconditional as regards due diligence.

2010 acquisition announcement summary:

State	Acquisition 1 announced 1 April 2010	Acquisition 2 announced 28 June 2010	Acquisition 3 announced 27 July 2010	Acquisition 4 announced 2 August 2010
Queensland	1	4	-	5
New South Wales	1	-	2	15
Victoria	2	1	-	-
Australian Capital Territory	-	-	-	-
South Australia	6	4	-	-
Total Centres as announced	10	10	2	20
Total Centres to actually be acquired	10	9	2	30

Acquisition 1 (as announced to the ASX 1 April 2010) has bank approval and will complete shortly.

Acquisition 2 (as announced to the ASX on 28 June 2010) has been reduced from 10 centres to 9 centres. G8 Education will now acquire 4 centres located in Queensland, 1 centre located in Victoria and 4 centres located in South Australia. This transaction is ready to complete subject only to bank consent. The consideration will be the issue of 3,555,426 G8 Education shares as originally announced, plus a cash payment. The maximum cash payment has been reduced from \$1,303,656 to \$287,217.

Acquisition 3 (as announced to the ASX on 27 July 2010) is ready to complete, subject only to the bank consent.

Acquisition 4 (as announced to the ASX on 2 August 2010) is unconditional as regards due diligence. During the due diligence period, the key terms of the transaction were renegotiated so that the acquisition will proceed as an acquisition of the entity which currently owns the child care businesses. The number of centres being acquired will now total 30, with 8 centres located in Queensland and 22 centres located in New South Wales.

The acquisition of the additional 30 centres now will occur through the issue of 12 million shares at \$0.60 in G8 Education at financial close and a further 12 million shares at \$0.60 in G8 Education on 31 January 2012, subject to the centre based EBIT target being achieved in the 2011 calendar year. The transaction also involves the assumption of debt of \$7.9 million.

The issue of the additional shares in January 2012 is conditional upon EBIT targets being achieved.

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Chairperson Jenny Hutson said 'G8 Education anticipates that the acquisition of the additional 30 centres will contribute \$5.5 million in EBIT to the Group during the 2011 calendar year. The acquisition of these additional centres will provide G8 Education Limited the opportunity to increase its presence in Queensland and New South Wales, and further leverage the expertise of the head office team in a way that is earnings per share accretive. These acquisitions will see G8 Education's portfolio of child care centres total 140.'

ENDS

Jenny Hutson

Chairperson

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