G8 Education ltd

# ASX Announcement

G8 Education Limited

(ASX:GEM)

**25 January 2012**

## Net Profit above guidance

G8 Education Limited (ASX:GEM) today announced that unaudited NPAT (net profit after tax) for the financial year ended 31 December 2011 is expected to be $16.6 million. The anticipated result includes operations in both Australia and Singapore.

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|---|---|---|
| Expected NPAT | $16.6 million | |
| Less: Acquisition earnout | $4.3 million | See note 1 |
| | **$12.3 million** | |
| Plus: Singapore legals | $ 1.2 million | See note 2 |
| **Adjusted NPAT** | **$13.5 million** | |

NPAT after adjustments at $13.5 million represents a 5.55% increase over guidance of $12.79 million announced via the ASX on 27 July 2011 and reaffirmed on 7 November 2011.

G8 Education anticipates that audited financial statements for the year ended 31 December 2011 will be released to the market on 27 February 2012.

G8 Education is pleased to announce that operating conditions remain strong at the start of 2012.

Managing Director Chris Scott said: *'Whilst our audited accounts are yet to be finalised, it is clear that the anticipated result is excellent. It shows that, operationally, G8 Education is delivering for all stakeholders. Our team has integrated, and continues to integrate, a significant number of child care service businesses in a way that exceeds expectations'.*

ENDS

Chris Scott
Managing Director

***Note 1***

*The Headstart acquisition (7 centres) settled on 7 February 2011. Contract consideration consisted of a cash payment at settlement and an earnout component ($4.3 million) to be paid if 2011 EBIT exceeded an agreed amount. The agreed EBIT was not met. Consequently, the earnout will not be paid. The $4.3 million will be written back to the Income Statement and is not subject to tax.*

*G8 Education is pleased to advise that substantial progress was made throughout 2011 in improving the operations at the Headstart centres. Consequently, G8 Education is very confident that the expected 2011 EBIT figure will be attained in calendar year 2012.*

*This outcome shows the structural strength of this type of acquisition model.*

***Note 2***

*This amount represents the 2011 cost of the Cherie Hearts litigation in Singapore. The Plaintiff and the Defendant presented closing submissions to the Court on 16 December 2011. Judgment is anticipated sometime in the first quarter of 2012.*