

ASX ANNOUNCEMENT

GOOD NEWS IN THE CHILDCARE SECTOR

Payce Consolidated Limited (Payce) (ASX: PAY) has previously disclosed through its Annual Reports that it held stakes in two childcare businesses;

- Ramsay Bourne Holdings Pty Limited
- World of Learning Pty Limited

The Company today announced it had increased its stake in those two entities by acquiring the shares and shareholder loans from subsidiaries of Babcock & Brown Ltd [ASX : BNB]. The consideration for the transaction is not disclosed, however, it is less than a level that would require Payce to seek shareholder approval (due to Babcock's holding a 14.99% stake in Payce). The value has been determined based upon historic sale values of childcare centres and also takes into consideration current market conditions for other childcare providers and the likely impact upon childcare businesses.

As a result the Company now holds;

- 66.67% of Ramsay Bourne Holdings Pty Ltd (previously 33.33%)
- 100% of World of Learning Pty Ltd (previously 50%)

On a combined basis, these businesses;

- Own and operate 35 childcare centre businesses (approximately 2,500 licensed places)
- Manage on behalf of 3rd parties 33 centres (approximately 1,900 licensed places)

Mr Stephen Ramsay, CEO of both entities and a shareholder in Ramsay Bourne Holdings Pty Ltd said: "Payce has been a shareholder and supporter of our businesses for nearly three years..

"Payce's decision to increase its stake in these businesses is an acknowledgement of its belief in and commitment to the childcare industry.

"We have a solid business that has no external debt and is committed to providing quality childcare to the families we serve."

"We are monitoring recent events in the childcare industry and will assess opportunities as and when they arise," Mr Ramsay said.

Stephen Wainwright
Company Secretary
Payce Consolidated Limited
17 December 2008

Please direct all media enquiries to;
Michael Salmon 0417 495 018

