



MEDIA STATEMENT 25 FEBRUARY 2005

A.B.C. LEARNING CENTRES LIMITED (ASX - ABS)

Announcement of Half Year Result

RECONFIRMS FORECASTS AND REPORTS SUSTAINED GROWTH FOR THE FUTURE

A.B.C. Learning Centres Ltd (ABC) today announced an operating profit after tax of \$15.5 million for the half year ending 31 December 2004. This is an increase of 59% (before adjustments) over the previous corresponding period.

FINANCIAL HIGHLIGHTS

	31/12/2003	31/12/2004	Adjust for PMG/CCA/PIV	31/12/2004 Pro forma	Change
Revenue	\$39.5m	\$69.9m	-\$12.7m	\$57.2m	44.8%
Operating Profit after tax	\$9.7m	\$15.5m	\$0.1m	\$15.6m	60.8%
Earnings per share – basic	8.9 cents	10.5 cents	-	-	17.9%
Interim Dividend – fully franked	4.5 cents	5.0 cents	-	-	11.1%

Excluding Peppercorn Management Group Limited (Peppercorn) and Child Care Centres Australia (CCA) earnings, which had a minimal contribution to the reported result (from 10 December 2004), profit margins have increased.

ABC's effective tax rate is marginally down on the previous corresponding period due to the accelerated depreciation afforded to the company for its software and computer systems installations.

The CEO of operations, Mr Eddy Groves said, "This is another excellent result for ABC and demonstrates the strength of the underlying business. Continued cost control at a corporate level has resulted in increased margins." Mr Groves went on to say that he was more than comfortable with the company's 2005 and 2006 forecasts as disclosed in the Scheme Booklet. The company continues to acquire additional individual centres at an increased rate following the successful merger.

MERGER INTEGRATION AHEAD OF SCHEDULE

The merger with Peppercorn and CCA was implemented by schemes of arrangement on 23 December 2004. The purchase of 115 businesses from the Peppercorn Investment Fund (now known as the Australian Education Trust) was completed on 21 December 2004. These businesses are currently being integrated into ABC's core operations, which is moving forward earlier than planned.

Mr Eddy Groves said: "We are pleased that the integration of the merged businesses is ahead of schedule. It is important for the company that the integration is being carried out without compromising the quality standards for which ABC has become renowned."

The merger has resulted in ABC strengthening its position as Australia's leading private child care operator, currently owning 650 centres and managing a further 217 throughout Australia and New Zealand.

"This outcome is a reflection of the hard work and dedication of our management and centre personnel" Mr Groves went on to say.

As part of the integration process, ABC and Kidicorp Limited have agreed in principle to end the management of the Kidicorp businesses in New Zealand. The management arrangements did not meet the expectations of the parties and will end on 31 March 2005. This process is subject to finalisation of formal documentation.

DIVIDEND

The Directors are pleased to declare an interim dividend of 5 cents per share, fully franked.

This is in line with ABC's historic dividend payments and increases the dividend payout ratio as a percentage of NPAT in the short term. Earnings from the recent merger will restore future dividend pay-out ratios to previous levels.

The record date for the dividend will be 17 March 2005 with payment scheduled for 1 April 2005.

ABC's Dividend Reinvestment Plan will not be available for use by shareholders for this dividend payment.

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