Highlights – H1'05

- ✓ **Strong growth from previous corresponding period**
- ✓ **Increased centre numbers from 327 to 629**

  (***ABC acquired 29, developed 16 & purchased 253 centres through the acquisition of PMG effective 10th Dec 04)***

- ✓ **$400m capital raising to fund PMG acquisition and reduce debt**
- ✓ **Inclusion in S&P ASX200, with market cap now ~$1.3bn vs $25m in 2001**
- ✓ **Outlook - Integration ahead of schedule, strong fundamentals & balance sheet to support ongoing growth**

ABC LEARNING CENTRES

Profit & Loss

Y/e Dec ($'m)	H1'04	H1'05	Adj	Proforma	change
Total Parent Fees	85.0			125.4	
ABS Operating Revenue	37.3	67.8	(12.7)	55.1	*48%*
Centre Margin	*43.9%*			*44.0%*	
Other Revenue	2.2	2.1	0.0	2.1	*-5%*
Total Revenue	**39.5**	**69.9**	**(12.7)**	**57.2**	*45%*
Operating Costs	(23.0)	(43.3)	12.5	(30.8)	*34%*
EBITDA	**16.5**	**26.6**	**(0.2)**	**26.4**	*60%*
Gross Margin	*19.4%*			*21.1%*	

- ✓ **Wages (plus on-costs) to Parent Fees contained at ~ 56%**
- ✓ **Strong underlying revenue growth (up 48%)**
- ✓ **Continued cost control at corporate level despite acquisition of Peppercorn Group, resulting in EBITDA margins up from 19.4% to 21.1%**
- ✓ **Demonstrates the strength of the underlying business and staff**

Note: Adj – adjustments are for PMG, CDC

ABC LEARNING CENTRES

Profit & Loss

Y/e Dec ($'m)	H1'04	H1'05	Adj	Proforma	change
EBIT	**15.6**	**24.3**	**(0.1)**	**24.2**	*55%*
EBIT Margin	*18.4%*			*19.3%*	
Interest	(2.4)	(3.5)	0.2	(3.3)	*38%*
PBT	**13.2**	**20.8**	**0.1**	**20.9**	*59%*
Tax	(3.5)	(5.3)	(0.0)	(5.4)	*53%*
Effective Tax Rate	*27%*	*26%*		*26%*	
NPAT	**9.7**	**15.5**	**0.1**	**15.6**	*61%*
NPAT Margin	*11.4%*			*12.4%*	

- ✓ **EBITDA and NPAT up 60%**
- ✓ **Tax rate lower - accelerated deprn on computer equipment**

Note: Adj – adjustments are for PMG, CDC

ABC LEARNING CENTRES

Profit & Loss

Y/e Dec ($'m)	H1'04	H1'05	change
EPS (cps) - Basic	8.9	10.5	*18%*
- Fully Diluted	8.8	10.4	*18%*
DPS (cps)	4.5	5.0	*11%*
Payount Ratio	51%	48%	

- ✓ **EPS adversely affected by increased shares on issue, whilst earnings are not going to flow till H2**
- ✓ **DPS as a percent of EPS is consistent with prior periods, however higher pay-out ratio as a percent of NPAT for H1’05 (75%) is the result of increase in issued capital.**
- ✓ **Pay-out ratio will revert to normal levels as earnings from acquisition flow through to bottom line**

ABC LEARNING CENTRES

Balance Sheet

($'m)	30-Jun 2004	31-Dec 2004
Cash	2.3	43.6
Land & Buildings for Resale	17.1	31.9
Receivables	13.6	19.1
Other	6.4	9.0
Total Current Assets	**39.4**	**103.6**
Childcare Licences	235.7	428.9
Property Plant & Equipment	35.8	57.1
Intangible Assets	1.1	238.4
Other	2.0	8.1
Total Non Current Assets	**274.6**	**732.5**
Payables	4.6	56.9
Debt	19.7	4.5
Other	2.2	7.1
Total Current Liabilities	**26.5**	**68.5**
Debt	83.4	80.7
Other	1.7	3.2
Total Non Current Liabilities	**85.0**	**83.9**
Net Assets	**202.5**	**683.8**
Net debt / Equity	50%	6%
EBIT Interest Cover (times)	8.2	9.5

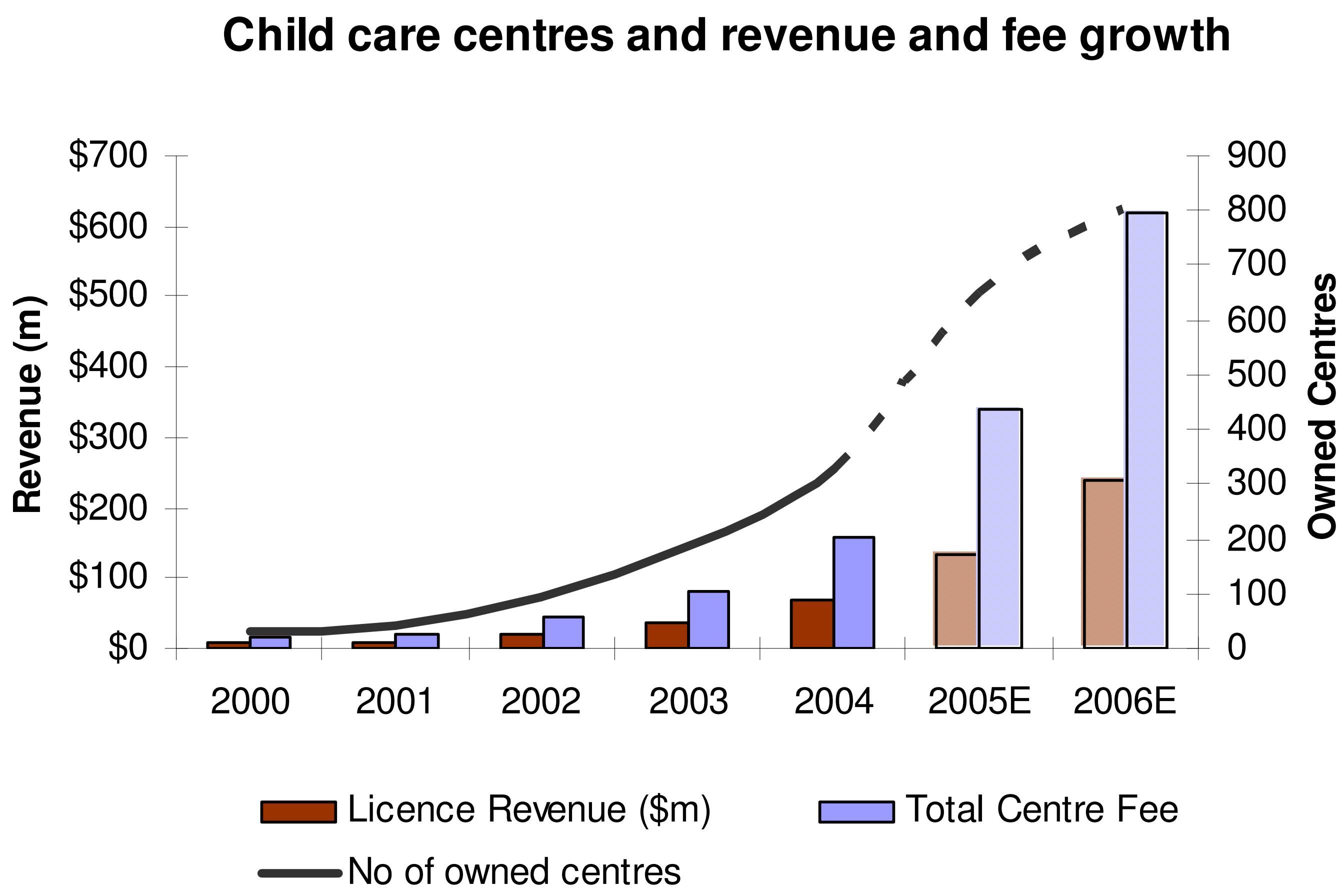
- ✓ **Cash – includes unearned CCB received**
- ✓ **Land & Buildings for resale – aim to reduce by 30 June**
- ✓ **Receivables - up as a result of expansion *(629 owned & 219 managed vs 270 pcp)***
- ✓ **Childcare Licenses / Intangible Assets – Increase due to acquired centres and goodwill on PMG acquisition**
- ✓ **Payables - $27m relates to monies owed to PIV, $6m relates to CCB payments, $3m M&A costs & balance reflects growth in centre numbers**
- ✓ **Non-current debt - includes $7.5m of RCPS classified as debt**
- ✓ **6% Gearing - significant growth capacity**

ABC LEARNING CENTRES

Cashflow

$'m	1H05
Operating Cashflow	**33.5**
+ Borrowing costs	3.5
+ Tax	5.6
- CCB pre-payment	(6.0)
- Other Working Capital Change	(10.0)
EBITDA	**26.6**

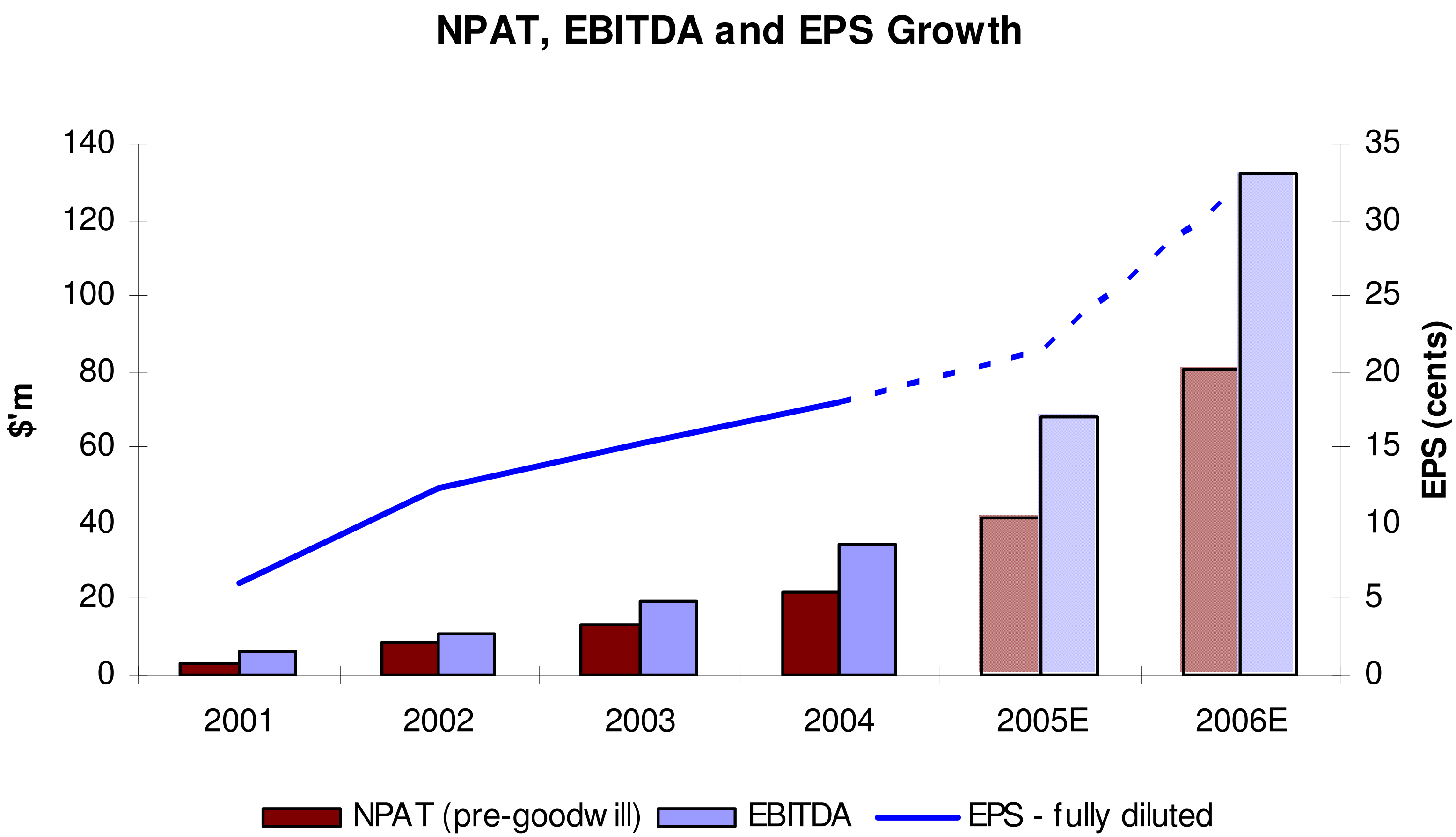
Centre & Revenue Performance



Source: ***2000 to 2004 – Company Reports***
2005 to 2006 – ABC Forecasts per Scheme Booklet

ABC LEARNING CENTRES

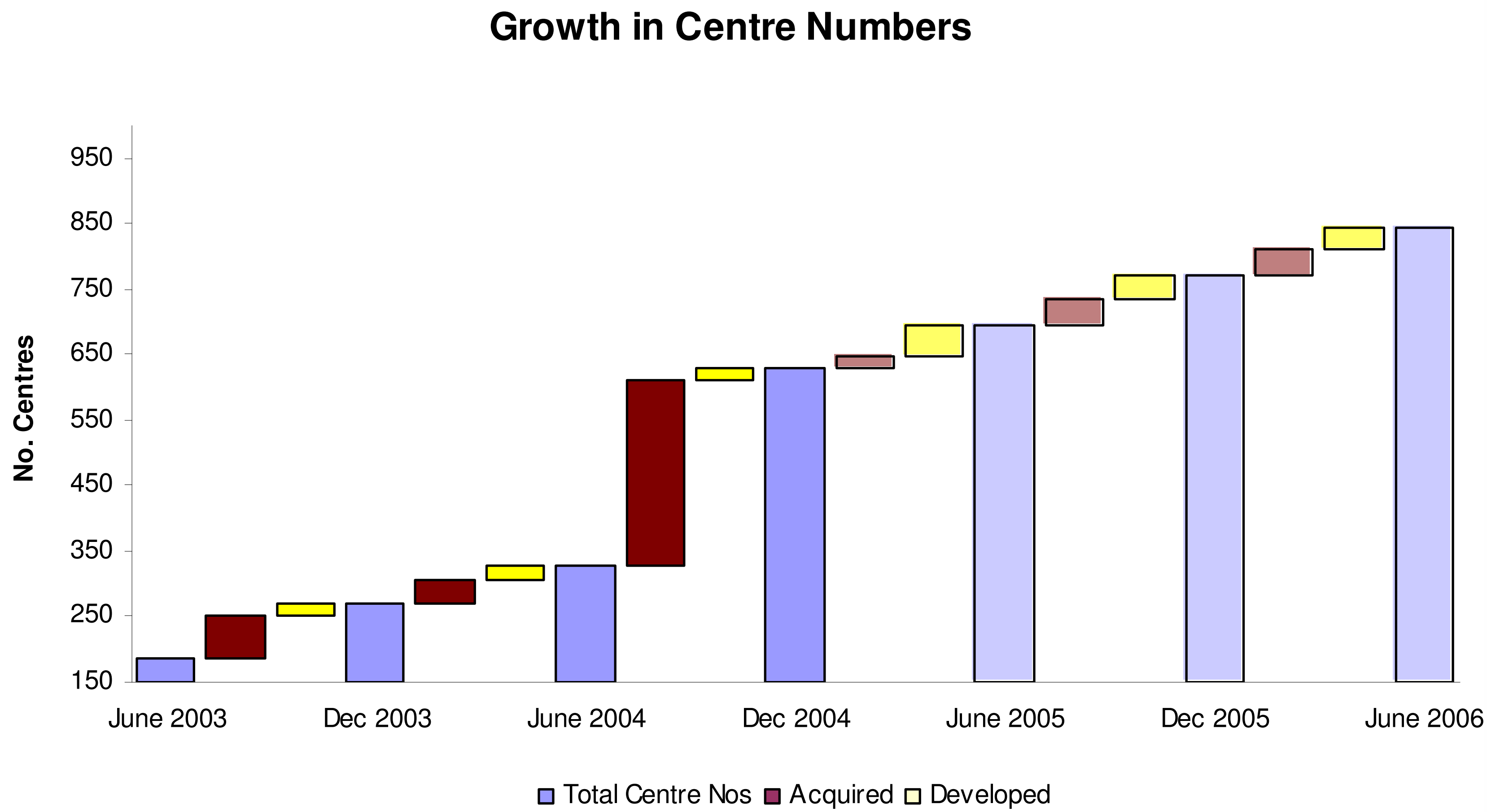
Profit Performance



Source: *2001 to 2004 – Company Reports*
2005 to 2006 – ABC Forecasts per Scheme Booklet

ABC LEARNING CENTRES

Centre Numbers



Source: ***Jun 2003 to Dec 2004 – Company Reports***
Jun 2005 to Jun 2006 – ABC Forecasts

ABC LEARNING CENTRES

Integration Update

PMG / CDC / PIV Consolidated Dec 10

Integration is currently 2 months ahead of internal schedule

- ✓ Head offices – of PMG, CDC & PIV are 80% rationalised (over 60 people have left, no redundancies)
- ✓ IT – staff have been trained and systems roll-out will start at the end of March with 40 new centres being rolled out a week
- ✓ Centre Staff – the majority have been retained & retrained
- ✓ Call Centre – fully operational Jan 24, have taken thousands of calls, 1150 confirmed new enrolments
- ✓ All centres reviewed – divestment, acquisition and development program in place
- ✓ Currently 629 owned, 219 managed – we will divest ~60 centres, will settle/construct 110.

ABC LEARNING CENTRES

Industry Outlook

- ✓ Wage increases were expected, ABS increased its fees July 1, 2004. ABS will review its fee structure again at July 2005 in line with the CCB indexation.

- ✓ Demand / supply – where there is an oversupply divestment / closure of centres will occur as part of the portfolio review

- ✓ Enrolments (occupancy) – to date enrolments are in line with company expectations underlying occupancy will not be known until mid March

ABC LEARNING CENTRES

ABS on track to meet Scheme forecasts

Year End December ($'m)	Actual H1'05	Implied H2'05 *	FY'05F	FY'06F
ABS Operating Revenue	**67.8**	**74.1**	**142.0**	**251.8**
Other Revenue	2.1	4.9	7.0	10.6
Total Revenue	**69.9**	**79.1**	**149.0**	**262.4**
Operating Costs	(43.3)	(37.5)	(80.8)	(130.0)
EBITDA	**26.6**	**41.6**	**68.2**	**132.4**
Depreciation	(2.3)	(1.6)	(3.8)	(6.4)
Amortisation	(0.0)	(5.8)	(5.9)	(0.7)
EBIT	**24.3**	**34.2**	**58.5**	**125.2**
Interest	(3.5)	(4.0)	(7.5)	(15.7)
PBT	**20.8**	**30.2**	**51.0**	**109.5**
Tax	(5.3)	(11.2)	(16.5)	(32.0)
NPAT	**15.5**	**19.0**	**34.5**	**77.6**
NPAT (adjusted)	**15.5**	**25.2**	**40.7**	**81.1**
EPS (adjusted)	**10.4**	**10.9**	**21.3**	**32.0**

* H2'05 is the implied result to achieve the FY'05F. The FY'05 and FY'06 forecasts are as per Scheme Booklet

ABC LEARNING CENTRES

ABS Outlook

On track to achieve FY05 and FY06 forecasts

Longer term growth

- ✓Additional centres
- ✓Corporate childcare
- ✓NCCC
- ✓Primary schools

ABC LEARNING CENTRES