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ASX Release

ABC ANNOUNCES EXPANSION IN SYDNEY METROPOLITAN AREA

A.B.C. Learning Centres Limited ("ABC"), Australia's leading provider of child care services, today announced that it has entered into an agreement with a small group of investors whose centres are managed by Universal Childcare Pty Ltd ("Universal") to purchase 6 recently developed child care centre businesses located in metropolitan Sydney.

Universal (a developer of child care centres in New South Wales) has developed centres of a superior quality for these investors which are located in high demand areas. All the centres incorporate at least one babies' room, with more than half of the total number of 421 licensed places dedicated to children under 3 years.

The net minimum consideration payable for the centres is \$18.255 million, with a further \$16.035 million to be paid over a maximum 5 year period depending on centre occupancy levels. The Directors believe that the centres will contribute an EBITDA of approximately \$4.3 million at full capacity.

The agreement also provides for the future purchase of a minimum of 11 new child care centre businesses in Sydney that are currently under development by Universal on behalf of various investors. These centres will contribute a further 950 licensed places to ABC. As with the first 6 centres, purchase payments to these investors will be made over a period of time depending on centre occupancy levels achieved.

ABC's CEO Operations, Mr Eddy Groves said "ABC is pleased to have been able to secure premium centres in high demand areas where sites are generally not easy to find in the Sydney region. We have also responded to community demand for a greater number of places for children under 3 years. The centres under development will also have a very high proportion of places for that age group".

Settlement of the first group of 6 new centres is proposed for February 2006 and the ongoing development program will continue over the next 3 ½ years.

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