

ABC directors dump \$53m in shares [AU] ^[1]

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EXCERPTS

Four directors of ABC Learning Centres disclosed today they have sold about \$52 million in shares after being hit by margin calls.

In filings to the Australian Securities Exchange, founder and chief executive Eddy Groves, his wife Le Neve Ann Groves, Martin Kemp and David Ryan revealed they had sold shares yesterday due to margin calls after the plunge in the company's share price.

Mr Kemp, who runs the Australian and New Zealand operations, also revealed he sold 2 million shares at an average of \$3.75 each last Friday. The group posted on Monday after the market had closed a sharp fall in its first-half profit, which triggered the tumble in its share price yesterday.

ABC is also in talks to about the possible sale of part of its business.

The disclosures show that yesterday Mr Groves sold 8.03 million shares at an average of \$1.85 each, Le Neve Ann Groves sold 11 million at \$1.84, Mr Kemp sold 5.6 million at \$1.67 and David Ryan sold 249,101 at \$1.895.

Shares of ABC (ASX: ABS: quote) were placed in a trading halt today.

The world's biggest childcare company said it requested the trading halt as "a result of indications of interests that the company has received in relation to part of its business".

"The company expects the discussions on this matter may take longer than the two business days trading half period," the company said.

"If this occurs the company will request a voluntary suspension".

One possible buyer could be US buyout firm Bain Capital Partners, which is paying \$US1.3 billion (\$1.4 billion) for Massachusetts-based childcare group Bright Horizons, Dow Jones Newswires said.

Yesterday, Mr Groves lashed out at hedge funds, claiming the mass market shorting of his childcare empire was "sad for Australia".

"I am just so shocked when you look at the assets this company has," Mr Groves said.

Shares of ABC closed down 42.8 per cent at \$2.14 yesterday, which wiped \$760 million off the value of the company. The share price had fallen as low as \$1.15 at one stage. It was trading at \$7.66 in May last year.

The rout followed the release late on Monday of ABC's results for the December half showing a 42 per cent fall in profits. About one-third of the company's total stock was traded yesterday.

The nosedive in ABC echoed the collapse in the share price of financially exposed companies such as MFS, Allco Finance Group and the stockbroker Tricom.

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Mr Groves admitted he and his wife, Le Neve Ann Groves, were among the ABC Learning directors who had used margin loans to buy shares in the company.

In a statement yesterday, ABC Learning said: "Due to the recent fall in the company's share price, some lenders may exercise their right to sell company shares pursuant to these margin lending arrangements."

ABC Learning owns more than 2300 childcare centres across Australia, the United States, Britain and New Zealand.

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- reprinted from The Australian

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