

Child Care Australia funds injection [AU] ^[1]

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EXCERPTS

Shareholders of Child Care Centres Australia Ltd today ratified a \$25.3 million sale deal making it the biggest player in Western Australia's growing child care industry.

At a general meeting in Melbourne, CCA shareholders approved the issue of \$12.5 million in shares to raise capital for the purchase of WA's Mulberry Tree and Jellybeans child care groups and another \$4 million in shares to be issued to WA vendors to seal the deal. CCA is the largest owner/operator child care company in the country and one of the largest operators.

Its rivals include the franchise group, ABC Learning Centre Ltd, and the Peppercorn Group which operates on a management structure.

CCA made clear its intentions to grow further by today seeking and getting permission from shareholders to issue another \$15 million in shares for any new acquisitions settled between now and August 1.

"We said in our prospective we're in the business of acquiring centres," CCA chief executive Christopher Stear said.

"There's nothing specific in mind, the resolution is an insurance policy that saves us coming back to shareholders in that time frame."

He said while the company was on the lookout for acquisitions its focus was not just about growth.

"It's not the boy with the most toys wins. It's the company with best quality product."

The WA deal will increase the number of CCA's centres from 52 to 74, with another 14 centres under development and another 10 proposed.

Its biggest rival ABC Learning has about 160 centres across the country.

The structure of the WA sale agreement, almost 30 per cent shares and 70 per cent cash, would help the growth of the company, Mr Stear said.

"It's a vote of confidence from people already in the industry as to what we're doing and where we're heading and it's recognition that ABC Learning Centres have gone very well in the past and vendors are looking to us to do as well as they've done," Mr Stear said.

The deal will take CCA's earnings per share from between 2-3 cents in 2002/03 to 13.2 cents next year in 03/04.

At 1125 AEST CCA shares dropped six cents nearly 4 per cent to \$1.59.

-Reprinted from The Herald Sun

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