



ABC's hard lessons

YET again Eddy Groves has shown that his ABC Learning has a lot to learn.

After agreeing with the ACCC way back in 2004 to dispose of some Western Australian childcare centres as a condition of buying rival Peppercorn, ABC simply failed to comply.

With the inevitable result that it now faces a Federal Court action and some more totally unnecessary damage to his reputation.

The one thing that should bring

Eddy some cheer — although not his shareholders — is that his margin loan inspired exit from owning ABC shares has saved him from the latest spiral in their value.

Yesterday they fell 9.5 per cent to 71.5¢ — a level the stock has not seen since way back in 2001.

Eddy, his wife La Neve Groves and current chairman David Ryan all sold the bulk of their shares for at least a dollar more than current levels, thanks to margin calls from their lenders.

Which would hardly inspire much confidence among those who are still grimly holding stock they bought when ABC was trading above \$6.

Wiseowl equities analyst Sven Restel, for one, now thinks ABC would be best served if Eddy followed former chairman Sallyanne Atkinson out the door.

At the very least, ABC needs to somehow inspire some real confidence that its childcare model will start to produce reasonable returns.