



**Childs Family
Kindergartens Limited**

Traditional Australian Family Values

1 February 2006

ASX Release

CFK ANNOUNCE MACQUARIE AS A STRATEGIC INVESTOR

Childs Family Kindergartens Limited (ASX Code: CFK) is pleased to announce that a wholly owned subsidiary of Macquarie Bank Limited (Macquarie) intends to acquire up to a 30 per cent interest in CFK.

Under the terms agreed between the parties, the total consideration payable to CFK is up to \$10.9 million.

“Macquarie is a strategic investor that can bring both capital and sector expertise to the company,” said CEO of CFK, Mr Barrie Childs. “This investment supports the company’s growth in the short term by facilitating the completion of the acquisition of twelve child care centres, and in the future by providing cash reserves to make further acquisitions.”

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“This is a significant turning point in the Company's development considering that we have only been listed on the ASX for less than 12 months. Macquarie's investment will facilitate CFK's goal to be a leader in the listed childcare sector in Australia by enabling a faster pace of portfolio growth”, said Mr Childs.

Macquarie will acquire up to 30 per cent of the shares on issue in two tranches as follows:

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| Tranche 1 | An immediate placement of new shares in CFK representing 15 per cent of the current ordinary shares on issue.
The consideration payable for this tranche of approximately 8.9 million shares is up to \$3.4 million dollars |
| Tranche 2 | A placement of new shares in CFK to bring Macquarie's total holding to 30 per cent of ordinary shares on issue.
The consideration payable for this tranche of approximately 19.7 million shares is up to \$7.5 million dollars.
Tranche 2 is subject to shareholder ratification. |

CFK expect to hold an Extraordinary General Meeting in April for shareholders to approve Tranche 2. Shareholders can expect to receive an explanatory memorandum in March.

Both placements will be at a price determined by a forward 10 day Volume Weighted Average Price calculated from 2 February 2006, less a 5 per cent discount. Macquarie will pay a maximum price of 38 cents per share. CFK closed at 42.5 cps on 31 January.

The completion of each tranche will entitle Macquarie to nominate one director to the Board of CFK. Macquarie will therefore be entitled to nominate two directors.

Mr Childs said, “The Macquarie directors will bring experience in childcare investments and operations, and additional financial and investment skills to complement and strengthen the competencies of the existing Board members.”

Macquarie owns childcare centres and operations in Australia and New Zealand.

CFK has entered into an MOU with Macquarie whereby CFK may operate Macquarie's childcare centres in Australia under a commercial management agreement. In addition, CFK intends to negotiate the potential acquisition of Macquarie's Australian centres.

The Board of CFK considers Macquarie's capital injection as enhancing to shareholder value and supports Macquarie's strategic investment.

For further information, please contact:

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