

Kip McGrath

EDUCATION
CENTRES

Give your child a brighter future

McGrath House
35 Watt Street Newcastle
NSW 2300 Australia

Tel: (02) 4929 6711
Fax: (02) 4929 6338

Int Tel: +61 2 4929 6711
Int Fax: +61 2 4929 6338

email: it@kipmcgrath.com.au
website: www.kipmcgrath.com

Richard Hajzuk
Australian Stock Exchange
P.O. Box H224
Australia Square
NSW 1215

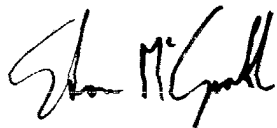
Dear Richard,

In response to the share price query dated 6th January 2004.

Kip McGrath Education Centres (the "Company")

1. The company is not aware of any information that has not been announced to the ASX.
2. Not applicable.
3. The company sees no reason to think that the abnormal profit before abnormal items and income tax will vary by more than 15%.
4. There is no reason to think that the Company may record any material abnormal or extraordinary gain or loss for the half year ended 31 December 2003.
5. The Company can see no explanation for the share price change in the securities of the Company.
6. The company is in compliance with rule 3.1 and has disclosed all information it has deemed material to the ASX and shareholders.

Yours faithfully,



Storm McGrath
Company Secretary



ASX

AUSTRALIAN STOCK EXCHANGE

Australian Stock Exchange Limited
ABN 98 008 624 691
Exchange Centre
Level Level 6, 20 Bridge Street
Sydney NSW 2000

PO Box H224
Australia Square
NSW 1215

Telephone 61 2 9227 0651
Facsimile 61 2 9241 7620
Internet <http://www.asx.com.au>
DX 10427 Stock Exchange Sydney

6 January 2004

Mr Storm McGrath
Company Secretary
Kip McGrath Education Centres Limited
35 Watt Street
Newcastle NSW 2300

By Facsimile: 61 2 4929 6338

Dear Storm

Kip McGrath Education Centres Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from a close of 69 cents on 19 November 2003 to a high of \$1.50 at the time of writing.

In light of the price change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any reason to think that there may be a change in the operating profit before abnormal items and income tax that would vary by more than 15% from the 2003/2004 Financial Forecast outlined in the Prospectus dated 26 June 2003? If so, please provide details as to the extent of the likely variation.
4. Is there any reason to think that the Company may record any material abnormal or extraordinary gain or loss for the half year year ended 31 December 2003? If so, please provide details.
5. Is there any other explanation that the Company may have for the price change in the securities of the Company?

6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at Richard.Hajzuk@asx.com.au or by facsimile on facsimile number 02 9241 7620. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e. before 9.30 a.m. E.S.T.) on Wednesday, 7 January 2004.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

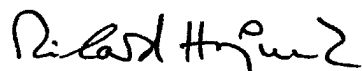
- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable

to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Richard Hajzuk". The signature is fluid and cursive, with a long horizontal stroke at the end.

Richard Hajzuk
Companies Advisor

Direct Line: (02) 9227 0651