



Early Learning Services Limited
ACN 123 828 553
Committed to Child Care

Market Update

13 November 2008

Debt Covenants Modified

Banking Covenant

Early Learning Services' financier, National Australia Bank (NAB), today confirmed it has modified its financial covenants to ensure Early Learning Services (ASX: ELY) continued to meet its current borrowing agreements. This modification allows the group to re-classify its debt as non-current and confirms its going concern status.

As reported in ELY's Interim Report for the Half Year Ended 30 June 2008, the interest cover ratio required by the Company's financier for the quarters ending 30 September 2008 and 31 December 2008 and for the year ending 31 December 2008 were expected not to be met based on the current cash flow projections.

The new covenants rectify this matter and clearly demonstrate the continuing support from the Company's bankers.

Going forward the Company has negotiated a new facility post December 2008. The new facility will allow ELY to position itself as a market leader within the Industry. The Company is looking at all opportunities to further enhance shareholder value and deliver high quality care to the families of Australia.

Operations Update

The Company is pleased to announce that its centres' average total occupancy inclusive of long day care and school care for the September 2008 quarter remains strong at **89.4%**.

It is also important to note that total wages to revenue for the portfolio centres for the same period averaged at **58%**, which is inclusive of all on costs and leave provisions.

The Company generated a Net Profit Before Tax (NPBT) in the quarter to September 2008 of \$440,000 (estimated to equate to \$308,000 Net Profit After Tax (NPAT)).

Chris Sacre
Chief Financial Officer

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