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CARING

Early Learning Services Limited

Committed to Child Care

Snapshot

- 34 child care centres owned and operated
- 12 centres under management, with an interested parties register for a further 31 contacts with single or multiple centres
- Centres located in Queensland, Sydney and regional NSW, South Australia, Western Australia and the Australian Capital Territory
- Current license capacity of 3,220 children per day
- Head office team in place supporting centres with marketing, accounts, human resources, licensing and compliance

Updated: Tuesday, June 17, 2008

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Corporate Structure

Board Members

↓

Executives
(3)

↓

Administration & Managed Centres (5)	Accounts (5)	Marketing (3)	Operations (8)	Human Resources (3)

↓

Centres

Updated: Tuesday, June 17, 2008

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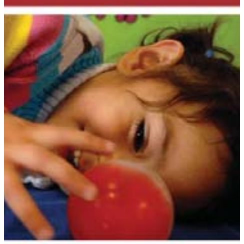

NPAT forecast for 2008

Income Statement	**Six months ending 30 June 2008**		**Six months ending 31 December 2008**		**Year ending 31 December 2008**	
In $'000	**IPO**	**Revised**	**IPO**	**Revised**	**IPO**	**Revised**
Average number of centres	39	34	44	35	42	35
Number of centres at period end	42	34	46	35	46	35
Centre revenues	17,595	14,576	22,095	19,040	39,690	33,616
Centre EBITDA (excl. management fees)	**4,352**	**2,831**	**6,681**	**5,832**	**11,033**	**8,663**
External management fee revenue	354	258	270	1,684	624	1,942
Corporate costs	(1,870)	(2,895)	(1,891)	(2,706)	(3,761)	(5,601)
EBITDA	**2,836**	**194**	**5,060**	**4,810**	**7,896**	**5,004**
Depreciation & Amortisation	(133)	(308)	(138)	(272)	(271)	(580)
EBIT	**2,703**	**(114)**	**4,922**	**4,538**	**7,625**	**4,424**
Net interest (expense) / income	(813)	(639)	(961)	(864)	(1,774)	(1,503)
NPBT	**1,890**	**(753)**	**3,961**	**3,674**	**5,851**	**2,921**
Tax	(564)	226	(1,188)	(1,102)	(1,752)	(876)
NPAT	**1,326**	**(527)**	**2,773**	**2,572**	**4,099**	**2,045**

Explanatory points

- Initial forecast was based on ELS ownership of 46 centres
- Delayed and cancelled contracts will have an impact of $1.3m NPAT
- Staff costs are higher than expected due to difficulty in recruitment in some regions and wages pressure surrounding current markets
- Advertising and travel costs were higher than expected post settlement – investment required to bring occupancies inline with IPO forecast
- One-off integration costs for consulting and legal fees higher than expected due to delayed settlements and as a result of a consolidation exercise undertaken
- Corporate wages higher than expected due to termination payments and focus on centre management

Current Position

- May profit of $130k which is $180k above forecast loss of $50k for the month. This is due to increased revenue related to strong centre performance.
- Non-current debt as at 16 June 08 is circa $18m.
- Current cash as at 16 June 08 is $1.1m.
- Net asset position is circa $30m.
- Achieved weighted occupancy result of 83.7% for five month period ended May, up 0.8% on the IPO forecast occupancy for period to end of June.

Current position (cont)

- Outstanding parent debt collection at 0.99 weeks parent fees (our due diligence research shows an industry with 4 to 6 weeks average parent debt collection).
- Cash inflow is balanced at 54% CCB contributions and 46% cash payments

Centre Acquisitions

- Furlong Road (Canberra 4) due to settle in Q3 FY08, bringing portfolio to 35 owned centres.
- Contracts for 11 centres marked for acquisition in the IPO have been cancelled due to operational issues, licensing delays/concerns and unacceptable lease conditions
- We are still actively sourcing new acquisition opportunities within the market to take advantage of the current conditions and to add to our owned centres portfolio

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Managed Centre Program Focus

- Taking advantage of current market pressures
- Management program setting the benchmark in industry with online reporting capabilities
- 12 centres under management, with an interested parties register for a further 31 contacts with single or multiple centres
- Provide centre management support to centre owners that includes:
  - Compliance
  - Human Resources
  - Operations
  - Accounting through tier one accounting firm
  - Marketing
  - Centre Management software through partnership with NumeroPro

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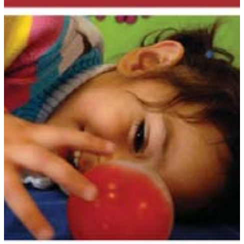
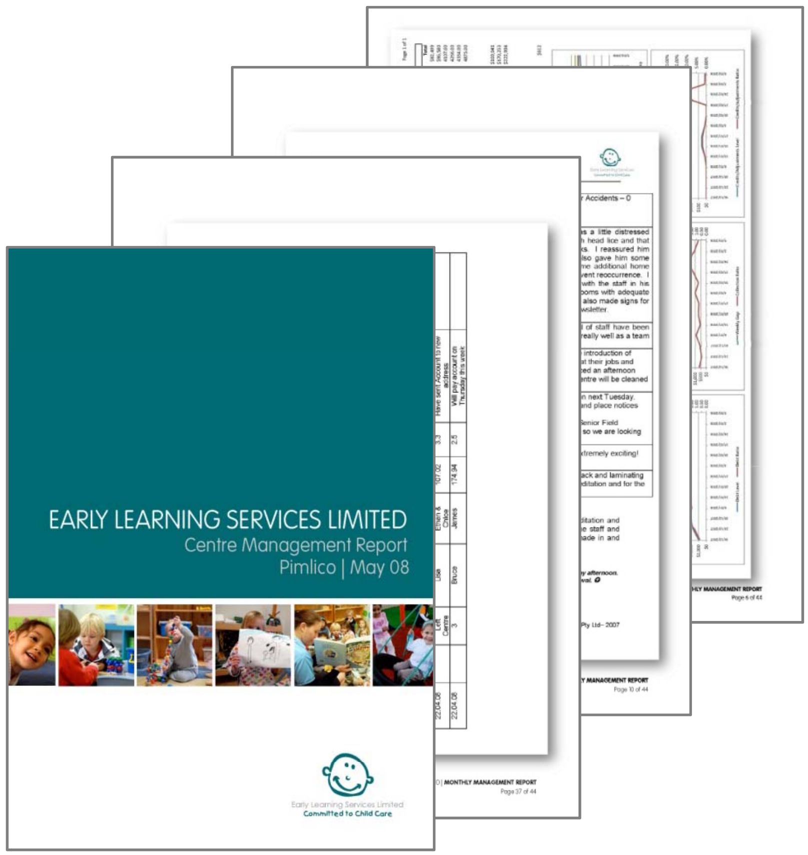


Managed Centre Program

- Comprehensive monthly reporting that raises the bar within the industry



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Going forward – second half 2008

Occupancy and Revenue

- We will continue to maximise revenue opportunities through:
  - Continued focus on centre management
  - Regular competitor service review
  - Twice yearly fee reviews

Cost Management

- Consolidated centre wages to revenue is circa 55%
- Weekly monitoring of centre wage costs
- Monitoring of head office wage costs
- Monitoring of centre and head office consumables