Think Childcare Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Think Childcare Limited
ABN:	81 600 793 388
Reporting period:	For the half-year ended 30 June 2018
Previous period:	For the half-year ended 30 June 2017

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	19.9%	to	35,679
Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA')	down	49.5%	to	2,294
Profit from ordinary activities after tax attributable to the owners of Think Childcare Limited	down	73.2%	to	724
Profit for the half-year attributable to the owners of Think Childcare Limited	down	73.2%	to	724

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 31 December 2017 paid on 16 March 2018	6.000	6.000
Final dividend for the year ended 31 December 2016 paid on 24 March 2017	5.000	5.000

Comments
The profit for the consolidated entity after providing for income tax amounted to $724,000 (30 June 2017: $2,700,000).

Underlying earnings before interest, taxation, depreciation and amortisation (‘Underlying EBITDA’) was a profit of $2,594,000 (2017: $3,225,000). This is calculated as follows:

	Consolidated 30/06/2018 $'000	Consolidated 30/06/2017 $'000
Revenue	35,679	29,752
Profit after income tax	724	2,700
Add: Income tax expense	379	1,100
Add: Depreciation and amortisation	690	456
Add: Finance cost	501	291
EBITDA	2,294	4,547
Non-operating items:		
Less: Earn-out consideration not payable	-	(1,382)
Add: Acquisition and integration expenses	300	60
Underlying EBITDA	2,594	3,225

EBITDA and underlying EBITDA, are financial measures which are not prescribed by Australian Accounting Standards (‘AAS’) and represents the profit under AAS adjusted for non-cash and other items. The directors consider EBITDA and underlying EBITDA to reflect the core earnings of the consolidated entity consistent with internal reporting.

For further details on the results refer to commentary in the ASX announcement accompanying this report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(26.33)	(19.63)

4. Control gained over entities

Refer to note 13 to the financial statements for details of entities over which control has been gained during the half-year.

5. Loss of control over entities

Not applicable.

6. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The company has a Dividend Reinvestment Plan ('DRP'), pursuant to which shareholder participation is optional.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

10. Attachments

Details of attachments (if any):

The Interim Report of Think Childcare Limited for the half-year ended 30 June 2018 is attached.

11. Signed

Signed ____________________________ Date: 22 August 2018

Mark Kerr
Chairman
Melbourne

Think Childcare Limited

ABN 81 600 793 388

Interim Report - 30 June 2018

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Think Childcare Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2018.

Directors
The following persons were directors of Think Childcare Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mark Kerr - Chairman and Non-Executive Director
Mathew Edwards - Managing Director and Chief Executive Officer
Evonne Collier - Non-Executive Director (appointed on 6 April 2018)
Joe Dicks - Non-Executive Director (appointed on 6 April 2018)
Paul Gwilym - Former Chief Financial Officer (resigned on 13 April 2018) and Former Executive Director, Company Secretary (resigned on 4 May 2018)

Principal activities
The principal activity of the consolidated entity during the financial half-year continued to consist of operating childcare centres.

Review of operations
The profit for the consolidated entity after providing for income tax amounted to $724,000 (30 June 2017: $2,700,000).

For further details on the results, refer to the commentary in the ASX announcement accompanying this report.

Underlying earnings before interest, taxation, depreciation and amortisation ('Underlying EBITDA') was a profit of $2,594,000 (2017: $3,225,000). This is calculated as follows:

	Consolidated	
	30/06/2018 $'000	30/06/2017 $'000
Revenue	35,679	29,752
Profit after income tax	724	2,700
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Add: Depreciation and amortisation	690	456
Add: Finance cost	501	291
EBITDA	2,294	4,547
Non-operating items:		
Less: Earn-out consideration not payable	-	(1,382)
Add: Acquisition and integration expenses	300	60
Underlying EBITDA	2,594	3,225

EBITDA and underlying EBITDA, are financial measures which are not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and other items. The directors consider EBITDA and underlying EBITDA to reflect the core earnings of the consolidated entity consistent with internal reporting.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year
On 9 July 2018, the consolidated entity's greenfield site Nido Early School Woolloongabba opened.

On 10 July 2018, the consolidated entity completed a syndicated facility with Macquarie Bank Limited of $58,000,000 over 5 years, with a $20,000,000 accordion clause. This aligns with the consolidated entity's aim to acquire high occupancy centres from its various incubator partners, high occupancy centres on the market that make strategic sense and developing selected greenfield sites.

On 10 August 2018, the consolidated entity settled the purchase of Holborn Circuit Early Learning & Kinder for $2,216,802. As part of the settlement, EDHOD Childcare Services Pty Ltd paid $889,345, reducing the loan balance owing at 30 June 2018 to $1,162,655.

Apart from the events disclosed above, no other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 follows this Directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Mark Kerr

Mark Kerr
Chairman

22 August 2018
Melbourne

Bentleys
THINKING AHEAD

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Think Childcare Limited

ABN 81 600 793 388

Auditor's Independence Declaration under Section 307C of tl Corporations Act 2001 to the Directors of Think Childcare Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Robert Evett
Director
Sydney

Bentleys NSW Audit Pty Ltd
Chartered Accountants

Date: 22 August 2018

General information

The financial statements cover Think Childcare Limited as a consolidated entity consisting of Think Childcare Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Think Childcare Limited's functional and presentation currency.

Think Childcare Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 3, 1 Park Avenue
Drummoyne NSW 2047

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 August 2018.

Think Childcare Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2018

	Note	Consolidated 30/06/2018 $'000	Consolidated 30/06/2017 $'000
Revenue	3	35,679	29,752
Other income	8	-	1,382
Expenses			
Employee expenses		(23,774)	(19,306)
Occupancy expenses		(5,694)	(4,152)
Impairment of receivables		(74)	(95)
Direct expenses of providing services		(1,345)	(1,124)
Marketing expenses		(474)	(534)
Corporate expenses		(361)	(268)
Information and communication expenses		(374)	(276)
Share-based payment expense		26	(92)
Acquisition and integration expenses		(300)	(60)
Other expenses		(1,015)	(680)
Depreciation and amortisation expense		(690)	(456)
Finance costs		(501)	(291)
Profit before income tax expense		1,103	3,800
Income tax expense		(379)	(1,100)
Profit after income tax expense for the half-year attributable to the owners of Think Childcare Limited		724	2,700
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Think Childcare Limited		724	2,700
		Cents	**Cents**
Basic earnings per share	14	1.57	6.44
Diluted earnings per share	14	1.56	6.39

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Think Childcare Limited
Statement of financial position
As at 30 June 2018

	Note	Consolidated 30/06/2018 $'000	Consolidated 31/12/2017 $'000
Assets			
Current assets			
Cash and cash equivalents		3,891	451
Trade receivables and other	4	3,411	3,048
Income tax refund due		183	-
Prepayments		1,571	1,455
Total current assets		9,056	4,954
Non-current assets			
Property, plant and equipment	5	6,729	4,683
Intangibles	6	47,362	43,393
Deferred tax		1,348	1,285
Other non-current assets		816	615
Total non-current assets		56,255	49,976
Total assets		65,311	54,930
Liabilities			
Current liabilities			
Trade and other payables	7	6,340	6,171
Borrowings		-	113
Income tax payable		-	353
Employee benefits		2,270	1,951
Other	8	924	800
Total current liabilities		9,534	9,388
Non-current liabilities			
Borrowings	9	20,503	19,421
Derivative financial instruments		72	72
Employee benefits		597	657
Total non-current liabilities		21,172	20,150
Total liabilities		30,706	29,538
Net assets		34,605	25,392
Equity			
Issued capital	10	53,611	42,532
Reserves		(18,973)	(18,947)
Retained earnings/(accumulated losses)		(33)	1,807
Total equity		34,605	25,392

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 January 2017	40,404	(18,835)	(363)	21,206
Profit after income tax expense for the half-year	-	-	2,700	2,700
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	2,700	2,700
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	1,149	-	-	1,149
Share-based payments	-	92	-	92
Dividends paid (note 11)	-	-	(2,082)	(2,082)
Balance at 30 June 2017	41,553	(18,743)	255	23,065

Consolidated	Issued capital $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2018	42,532	(18,947)	1,807	25,392
Profit after income tax expense for the half-year	-	-	724	724
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	724	724
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 10)	11,079	-	-	11,079
Share-based payments	-	(26)	-	(26)
Dividends paid (note 11)	-	-	(2,564)	(2,564)
Balance at 30 June 2018	53,611	(18,973)	(33)	34,605

The above statement of changes in equity should be read in conjunction with the accompanying notes

Think Childcare Limited
Statement of cash flows
For the half-year ended 30 June 2018

	Note	Consolidated 30/06/2018 $'000	Consolidated 30/06/2017 $'000
Cash flows from operating activities			
Cash receipts from parents and government funding		34,778	29,666
Payments to suppliers and employees		(33,683)	(27,366)
		1,095	2,300
Government grants received		871	839
Interest and other finance costs paid		(501)	(291)
Income taxes paid		(833)	(564)
Net cash from operating activities		632	2,284
Cash flows from investing activities			
Payments for purchase of business, net of cash acquired	13	(3,209)	-
Payments for property, plant and equipment	5	(2,531)	(1,018)
Payments for intangibles	6	(2)	(7)
Payments for security deposits		-	(315)
Payments for contingent consideration	8	(800)	(1,650)
Proceeds from disposal of property, plant and equipment		-	3
Net cash used in investing activities		(6,542)	(2,987)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction cost	10	10,044	-
Proceeds from borrowings		1,000	1,909
Dividends paid		(1,663)	(933)
Change in finance lease liabilities		(31)	(21)
Net cash from financing activities		9,350	955
Net increase in cash and cash equivalents		3,440	252
Cash and cash equivalents at the beginning of the financial half-year		451	1,795
Cash and cash equivalents at the end of the financial half-year		3,891	2,047

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Comparatives

Certain comparative information in the statement of financial position have been reclassified, where necessary, for consistency with the current period presentation.

Trademarks

Significant costs associated with trademarks registered are amortised on a straight-line basis over the period of their expected benefit, being their finite life or five years.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 9 Financial Instruments
The consolidated entity has adopted AASB 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Note 1. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers
The consolidated entity has adopted AASB 15 from 1 January 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The consolidated entity has elected to apply the standard on a modified retrospective basis as permitted by AASB 15 whereby the cumulative effect of retrospective application, if any, is recognised at the date of initial application by adjusting opening retained earnings or other relevant components of equity. Comparative figures are therefore unaffected.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity and therefore there was no impact on opening retained earnings.

Note 2. Operating segments

Identification of reportable operating segments
The consolidated entity operates in one segment being a childcare services provider. This is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources.

The consolidated entity operates in one geographical region being Australia.

The operating segment information is the same information as provided throughout these financial statements and therefore not duplicated.

Note 3. Revenue

	Consolidated	
	30/06/2018 $'000	30/06/2017 $'000
Revenue from contracts with customers		
Provision of childcare services	33,099	28,403
Other revenue		
Government grants	871	839
Management fees	1,709	510
	2,580	1,349
Revenue	35,679	29,752

Note 4. Current assets - trade receivables and other

	Consolidated 30/06/2018 $'000	Consolidated 31/12/2017 $'000
Trade receivables	1,214	1,733
Less: Allowance for expected credit losses	(228)	(191)
	986	1,542
Other receivables	2,425	1,506
	3,411	3,048

Other receivables includes an amount of $2,052,000 owed by EDHOD Childcare Services Pty Ltd.

On 10 August 2018, the consolidated entity settled the purchase of Holborn Circuit Early Learning & Kinder for $2,216,802. As part of the settlement, EDHOD Childcare Services Pty Ltd paid $889,345, reducing the loan balance owing at 30 June 2018 to $1,162,655.

Note 5. Non-current assets - property, plant and equipment

	Consolidated 30/06/2018 $'000	Consolidated 31/12/2017 $'000
Plant and equipment - at cost	6,638	5,194
Less: Accumulated depreciation	(2,023)	(1,532)
	4,615	3,662
Leasehold improvements - at cost	1,994	837
Less: Accumulated depreciation	(316)	(196)
	1,678	641
Motor vehicles - at cost	336	335
Less: Accumulated depreciation	(109)	(102)
	227	233
Computer equipment - at cost	350	232
Less: Accumulated depreciation	(141)	(85)
	209	147
	6,729	4,683

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Plant and equipment $'000	Leasehold improvements $'000	Motor vehicles $'000	Computer equipment $'000	Total $'000
Balance at 1 January 2018	3,662	641	233	147	4,683
Additions	1,438	996	2	95	2,531
Additions through business combinations (note 13)	-	183	-	-	183
Depreciation expense	(485)	(142)	(8)	(33)	(668)
Balance at 30 June 2018	4,615	1,678	227	209	6,729

Note 6. Non-current assets - intangibles

	Consolidated 30/06/2018 $'000	Consolidated 31/12/2017 $'000
Goodwill - at cost	47,227	43,238
Software - at cost	217	217
Less: Accumulated amortisation	(84)	(62)
	133	155
Trademark - at cost	2	-
	47,362	43,393

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill $'000	Software $'000	Trademark $'000	Total $'000
Balance at 1 January 2018	43,238	155	-	43,393
Additions	-	-	2	2
Additions through business combinations (note 13)	3,989	-	-	3,989
Amortisation expense	-	(22)	-	(22)
Balance at 30 June 2018	47,227	133	2	47,362

Note 7. Current liabilities - trade and other payables

	Consolidated 30/06/2018 $'000	Consolidated 31/12/2017 $'000
Trade payables	2,337	1,284
Fees received in advance	329	533
Employee related payables	2,439	3,004
Other payables	1,235	1,350
	6,340	6,171

Note 8. Current liabilities - Other

	Consolidated 30/06/2018 $'000	Consolidated 31/12/2017 $'000
Deferred consideration	924	800

The consolidated entity includes the fair value of deferred consideration as a liability for the acquisition of a business where it expects the earn-out target to be met during the measurement period. This judgement is based on operational due diligence and knowledge of the business trading conditions including location, occupancy and profitability at the time of settlement.

In the half-year ended 30 June 2017, the consolidated entity negotiated a final settlement of $1,650,000 which resulted in $1,382,000 being reversed and recognised as other income.

Note 9. Non-current liabilities - borrowings

	Consolidated 30/06/2018 $'000	Consolidated 31/12/2017 $'000
Bank loans	20,300	19,300
Lease liability	203	121
	20,503	19,421

As at 30 June 2018, the Australian and New Zealand ('ANZ') Bank facility remained in place and the consolidated entity was not in breach of any covenant.

On 28 June 2018, the consolidated entity executed a Syndicated Facility Agreement with Macquarie Bank Limited of $58,000,000 over 5 years, with a $20,000,000 accordion clause. This aligns with the consolidated entity's aim to acquire high occupancy centres from its various incubator partners, high occupancy centres on the market that make strategic sense and developing selected greenfield sites.

On 10 July 2018, the consolidated entity achieved financial close on the Syndicated Facility with Macquarie Bank Limited.

Note 10. Equity - issued capital

	Consolidated 30/06/2018 Shares	Consolidated 31/12/2017 Shares	Consolidated 30/06/2018 $'000	Consolidated 31/12/2017 $'000
Ordinary shares - fully paid	48,454,326	42,737,620	53,611	42,532

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 January 2018	42,737,620		42,532
Issue of shares through capital raising	15 March 2018	5,271,357	$1.990	10,490
Issue of shares under dividend reinvestment plan	16 March 2018	445,349	$2.024	901
Transaction cost				(312)
Balance	30 June 2018	48,454,326		53,611

Note 11. Equity - dividends

Dividends paid during the financial half-year were as follows:

	Consolidated 30/06/2018 $'000	Consolidated 30/06/2017 $'000
Final dividend for the year ended 31 December 2017 (2017: 31 December 2016) of 6 cents (2017: 5 cents) per ordinary share	2,564	2,082

Note 12. Contingent liabilities

The consolidated entity has given a corporate guarantee as at 30 June 2018 of $7,057,825 (31 December 2017: $6,178,442) to lessors in relation to property leases on a number of child care facilities.

Note 13. Business combinations

The consolidated entity acquired two childcare centres during the half-year for a total consideration of $4,133,000 and opened two greenfield childcare centres. The goodwill of $3,989,000 represents the value attributed to assembled workforces and management teams within the acquirees, expected synergies from combining the operations, and other non-recognisable intangible assets. The revenue from the acquisitions amounted to $1,033,000 and the contribution to the profit is a loss of $378,000 for the period ended 30 June 2018. Had the acquisition occurred as of 1st January 2018, half-year revenue would have been $3,402,000 and the contribution to the profit would have been $336,000. The acquisitions are provisional at 30 June 2018.

Details of the acquisition are as follows:

	Fair value $'000
Prepayments	5
Plant and equipment	183
Deferred tax asset	12
Employee benefits	(56)
Net assets acquired	144
Goodwill	3,989
Acquisition-date fair value of the total consideration transferred	4,133
Representing:	
Cash paid or payable to vendor	3,209
Contingent consideration	924
	4,133

Note 14. Earnings per share

	Consolidated 30/06/2018 $'000	Consolidated 30/06/2017 $'000
Profit after income tax attributable to the owners of Think Childcare Limited	724	2,700
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	46,146,233	41,913,338
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	227,678	355,264
Weighted average number of ordinary shares used in calculating diluted earnings per share	46,373,911	42,268,602
	Cents	Cents
Basic earnings per share	1.57	6.44
Diluted earnings per share	1.56	6.39

Note 15. Events after the reporting period

On 9 July 2018, the consolidated entity's greenfield site Nido Early School Woolloongabba opened.

On 10 July 2018, the consolidated entity completed a syndicated facility with Macquarie Bank Limited of $58,000,000 over 5 years, with a $20,000,000 accordion clause. This aligns with the consolidated entity's aim to acquire high occupancy centres from its various incubator partners, high occupancy centres on the market that make strategic sense and developing selected greenfield sites.

On 10 August 2018, the consolidated entity settled the purchase of Holborn Circuit Early Learning & Kinder for $2,216,802. As part of the settlement, EDHOD Childcare Services Pty Ltd paid $889,345, reducing the loan balance owing at 30 June 2018 to $1,162,655.

Apart from the events disclosed above, no other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Mark Kerr
Chairman

22 August 2018
Melbourne

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF THINK CHILDCARE LIMITED AND ITS CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year report of Think Childcare Limited ("the Company") and its controlled entities ("the Consolidated Entity"), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration for the Consolidated Entity, comprising both the company and the entities it controlled during that half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or to error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Company's financial position as at 30 June 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if provided to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Think Childcare Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001.*

Bentleys NSW Audit Pty Ltd

Robert Evett
Director
Sydney

Bentleys NSW Audit Pty Ltd
Chartered Accountants

Date: 22 August 2018