



1 August 2019

**ASX Limited
Market Announcement**

Think Childcare Limited (ASX Code: TNK)

Claim against service vendor

LEA Childcare Services Pty Ltd (**LEA**), a wholly-owned subsidiary of Think Childcare Limited (ASX: TNK), has issued legal proceedings in the Supreme Court of Victoria against the vendor (non-incubator partner) of a child care service in Victoria acquired by LEA in August 2017. Joined in the proceedings as defendants are the sole director and an employee of the vendor.

In the proceedings, LEA has made claims against the defendants alleging among other things breach of warranty including in relation to projected occupancy levels. The reduction in value of the acquired service has been fully provided for in TNK's audited and reviewed financial statements.

While it is possible, if LEA is successful, that the amount of LEA's damages awarded by the Court may be substantial, it is not possible at this time to make any assessment whether LEA will ultimately prove successful in the proceedings or to quantify the level of damages that might be recovered. The prospects of success are uncertain and any award of damages will be impacted by the level of legal costs incurred, which might be substantial, and the capacity of the defendants to pay. TNK is likely to be exposed to adverse costs orders if it loses the proceedings.

TNK does not propose to make any further comment on the proceedings until their conclusion.

Mathew Edwards
Managing Director and Chief Executive Officer

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