16 April 2015

ASX Limited

MARKET ANNOUNCEMENT

Think Childcare and Education Limited

2014 Annual Report and 2015 Annual General Meeting

Confirmation of Dispatch of Documentation

Attached for release to the market is a copy of the 2014 Annual Report for the financial period ended 31 December 2014, together with documentation for the 2015 Annual General Meeting ("AGM").

The 2015 AGM is to be held on Wednesday 13 May 2015 commencing at 11.00 a.m. at the offices of Minter Ellison:

Level 23
525 Collins Street
Melbourne Vic

The AGM documentation, together with a copy of the Annual Report for those members who have opted to receive a printed copy of the Report, is confirmed as having been dispatched to members.

In addition, electronic notification of the availability of these documents has been broadcast via the Share Registrar.

END RELEASE

Think Childcare & Education Ltd
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Drummoyne
NSW 2047

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thinkchildcareandeducation.com

ABN: 81 600 793 388

Think Childcare and Education Limited

ABN 81 600 793 388

Annual Report - 31 December 2014

Directors	Mark Kerr - Chairman and Non-Executive Director Mathew Edwards - Managing Director and Chief Executive Officer Paul Gwilym - Executive Director and Chief Financial Officer Andrew Hanson - Non-Executive Director
Company secretaries	Paul Gwilym Mourice Garbutt
Notice of annual general meeting	The details of the annual general meeting of Think Childcare and Education Limited are: Minter Ellison Level 23, Rialto Towers 525 Collins Street Melbourne, VIC 3000 11:00am on Wednesday 13 May 2015
Registered office	Suite 3, 1 Park Avenue Drummoyne, NSW 2047 Tel: 02 9712 7444
Share register	Computershare Investor Services Pty Limited Yarra Falls, 452 Johnson Street Abbotsford, VIC 3067 Tel: 1300 787 272
Auditor	Bentleys NSW Audit Pty Ltd Level 10, 10 Spring Street Sydney, NSW 2000
Solicitors	Minter Ellison Level 23, Rialto Towers 525 Collins Street Melbourne, VIC 3000
Stock exchange listing	Think Childcare and Education Limited shares are listed on the Australian Securities Exchange (ASX code: TNK)
Website	www.thinkchildcareandeducation.com www.thinkchildcare.com.au
Business objectives and cash use	Think Childcare and Education Limited has used cash and cash equivalents held at the timing of listing, in a way consistent with its stated business objectives.

Dear Shareholders

The Board of directors has pleasure in presenting the first Annual Report for Think Childcare and Education Limited ('Think') for the period from 21 July 2014 to December 2014.

Think has brought together 30 long-day care centres since listing on 24 October 2014.

Twenty eight of our centres are in Victoria and two in NSW, providing 2,244 licensed childcare places employing around 850 people. We are proud of their commitment and dedication in providing quality care in each of our centres.

Think has also entered into management agreements in relation to 17 externally-owned centres for which it is paid management fees. Think potentially has an opportunity to acquire these centres.

We believe the long-day care sector in Australia is still in the early stages of consolidation and we are well placed to take advantage of this growing and dynamic sector. In particular, we believe there are considerable benefits in bringing the operation of separate centres under the common oversight of an experienced management team. Such benefits include reduced administrative burden at the centre level, greater staff rostering flexibility and savings generated by group purchasing.

We have maintained our commitment to unite separate centres highlighting not only the financial, operational and administrative benefits but also offering and maintaining the highest possible standards of childcare.

The opportunity for further acquisitions is one we intend to focus into the future.

Our ongoing strategy is to both develop our current portfolio of centres, increasing occupancy and thereby their profits and through the acquisition of further centres that are accretive to our shareholders.

We are proud of our results for the 2014 financial period, and have performed in line with the Think Prospectus forecasts, albeit with a short trading period and we take this opportunity to welcome our 540 shareholders.

We are keen to build on our achievements in the coming year and focus on the overall best interests of our shareholders and look forward to updating the market in due course.

Yours faithfully

Mark Kerr
Chairman

27 March 2015
Melbourne

Mathew Edwards
Managing Director

27 March 2015
Melbourne

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 and Education Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2014.

Directors

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

Mark Kerr - Chairman (appointed 21 July 2014)
Mathew Edwards (appointed 21 July 2014)
Paul Gwilym (appointed 21 July 2014)
Andrew Hanson (appointed 16 September 2014)

Principal activities

During the financial period the principal activity of the consolidated entity consisted of operating childcare centres.

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $6,012,000.

The company was incorporated on 21 July 2014 and commenced trading from 22 October 2014 when the first tranche of childcare centres were acquired.

The loss includes $7,048,000 of expenses associated with the initial formation of the consolidated entity and the Initial Public Offering ('IPO') as foreshadowed in the company's IPO Prospectus dated 2 October 2014. The net loss before tax of $6,355,000 represents an improved result of 24.2% over forecast, as detailed in the IPO Prospectus. The improvement is represented by a 6.1% increase in revenue, and a reduction in formation and acquisition expense by 16.7% and other expenses by 3.0%. It is noted that the increase in revenue is partly the result of bringing forward the acquisition of 22 centres that settled on or before 31 October 2014.

Underlying earnings before interest expense, taxation, depreciation and amortisation ('EBITDA') and excluding formation and acquisition expenses for the consolidated entity was a profit of $885,000. This is calculated as follows:

	Period ended 31 Dec 2014 $'000
Revenue	7,230
Loss before income tax	(6,355)
Add: Depreciation and amortisation	61
Add: Finance cost	131
EBITDA	(6,163)
Add: Formation and acquisition expenses	7,048
Underlying EBITDA	885

The financial position of the consolidated entity as detailed in the statement of financial position is in line with management's expectations and IPO Prospectus.

Significant changes in the state of affairs

On 21 July 2014, the company was incorporated.

On 22 October 2014, the company issued 22,000,000 ordinary shares raising capital of $22,000,000 (as detailed in note 18 to the financial statements) and listed on the Australian Securities Exchange ('ASX') on 24 October 2014.

During the financial period the consolidated entity acquired 30 childcare centres, through a combination of shares and cash. Refer to note 30 to the financial statements for further details.

There were no other significant changes in the state of affairs of the consolidated entity during the financial period.

Matters subsequent to the end of the financial period
No matter or circumstance has arisen since 31 December 2014 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.

Likely developments and expected results of operations
The consolidated entity is expected to continue to execute its business plan and strategy as outlined in the IPO Prospectus, which includes the acquisition of further childcare centres and organic growth.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Mark Kerr (appointed on 21 July 2014)
Title:	Chairman and Non-Executive Director
Qualifications:	LLB
Experience and expertise:	Mark is an experienced director and advisor to listed and private companies. He is a director of Baker Street Childcare Education Pty Ltd, which was acquired by the consolidated entity. Mark is also a director of Berkeley Consultants Pty Ltd which specialises in public relations and reputation management consultancy. Mark's community involvement currently extends to being a member of the Victorian Committee for the Juvenile Diabetes Research Foundation. He is also a committee member of the St. Vincent's Institute Charity Golf Day Committee.
Other current directorships:	Non-executive chairman of ASX-listed Contango Microcap Limited (ASX: CTN) and non-executive chairman of ASX-listed Hawthorn Resources Limited (ASX: HAW) *
Former directorships (last 3 years):	Formerly non-executive chairman of Process Wastewater Technologies Limited (2007 to 2013), now known as Process Wastewater Technologies Pty Ltd.
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	1,342,529 ordinary shares (all held indirectly)

Name:	Mathew Edwards (appointed on 21 July 2014)
Title:	Managing Director and Chief Executive Officer ('CEO')
Experience and expertise:	Mathew has been involved in childcare since 2001. He was the Managing Director of Learning and Education Australia Pty Ltd ('LEA') from 2008 which previously owned 12 of the consolidated entity's childcare centres. He has overseen the development of that company's business of improving and managing childcare centres. The LEA business centred around developing greenfield sites and the trading up of under-performing centres. Prior to LEA, Mathew was a director of Australian Daycare Group Pty Ltd, and has extensive management experience in retail and commercial property roles. He is also a director of Baker Street Childcare Education Pty Ltd, which was acquired by the consolidated entity. He has extensive experience in business strategy and management of multi-site businesses.
Other current directorships:	None *
Former directorships (last 3 years):	None
Special responsibilities:	Chief Executive Officer
Interests in shares:	13,545,100 ordinary shares (7,625,010 held directly and 5,920,000 held indirectly)

Name:	Paul Gwilym (appointed on 21 July 2014)
Title:	Executive Director and Chief Financial Officer ('CFO")
Qualifications:	CA and FINSIA
Experience and expertise:	Paul is a Chartered Accountant with over 20 years' experience in accounting, financial management and general business, with a background in insolvency and reconstruction and has operated his own consultancy specialising in strategic planning, restructuring and capital raising. He was the CFO of Learning and Education Australia Pty Ltd from November 2013, until assuming the role of CFO of the consolidated entity. Paul's previous Board experience includes Game R Us Australia Limited, Senacon Limited and Nubax Pty Ltd.
Other current directorships:	None *
Former directorships (last 3 years):	None
Special responsibilities:	Chief Financial Officer
Interests in shares:	660,000 ordinary shares (all held indirectly)

Name:	Andrew Hanson (appointed on 16 September 2014)
Title:	Non-Executive Director
Qualifications:	B.Ec (Hons), FCA, GAICD
Experience and expertise:	Andrew is a Chartered Accountant and retired as an audit and transaction services partner from PricewaterhouseCoopers in 2011 after 27 years' service. Andrew brings deep accounting, commercial and governance experience to the consolidated entity. He is currently an independent adviser to the Board of Beacon Lighting Group (ASX: BLX) and a director or advisory board member of various private companies, including chairman of Guest Group Pty Ltd and a non-executive director, previous chairman, of Prestige Inhome Care Pty Ltd.
Other current directorships:	None *
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Audit and Risk Committee.
Interests in shares:	50,000 ordinary shares (all held indirectly)

* 'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretaries
Joint company secretaries are Paul Gwilym and Mourice Garbutt.

For Paul's experience, refer to 'Information on directors' section above.

Mourice is the principal of K R Corporate Compliance Pty Ltd, a company specialising in the provision of corporate and secretarial services to listed companies in Australia. He is a Fellow of the Governance Institute of Australia (formerly the Chartered Secretaries Australia) ('FGIA'); Chartered Institute of Secretaries ('FCIS') and until recently an Honorary Justice of the Peace in Victoria. Former professional associations being: Certified Practicing Accountant ('CPA'); British Institute of Management and Institute of Directors in Australia.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the period ended 31 December 2014, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	Audit and Risk Committee
	Attended	Held	Attended	Held
Mark Kerr	15	15	1	1
Mathew Edwards	15	15	-	-
Paul Gwilym	15	15	-	-
Andrew Hanson	7	7	1	1

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the Key Management Personnel ('KMP') remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to KMP

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's KMP reward framework is to ensure reward for performance is competitive and appropriate for the results delivered.

The Board is responsible for determining and reviewing remuneration arrangements for its directors and KMP's. The performance of the consolidated entity depends on the quality of its directors and other KMP. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and has established an Long Term Incentive Plan ('LTIP') which it intends to activate in 2015. Once activated the executive remuneration framework will also be complementary to the reward strategy of the consolidated entity, as follows:

Alignment to shareholders' interests:
- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the KMP on key non-financial drivers of value; and
- attracts and retains high calibre executives.

Alignment to KMP interests:
- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth; and
- provides a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, these directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors do not presently receive share options or other incentives, or commissions on, or a percentage of, profits or operating revenue.

ASX listing rules require the aggregate non-executive directors remuneration be determined periodically by a general meeting. Under the company's constitution and as set out in the IPO Prospectus, total aggregate remuneration available to non-executive directors is set currently at $750,000 per annum. Annual directors’ fees currently agreed to be paid by the company are $80,000 to the Chairman, and $40,000 to the other non-executive director, in each case inclusive of superannuation. In addition, the Audit and Risk Committee chair receives on additional $20,000 annually.

Executive remuneration
The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

The executive remuneration and reward framework going forward has three components:
- base pay and non-monetary benefits;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional benefit for the KMP.

The long-term incentives ('LTI') include long service leave and share-based payments. The consolidated entity has a LTIP. No shares or options where issued under the LTIP during the period. The Board may use the LTIP in future years as a LTI for KMP and other employees.

In addition to the above, entities associated with the CEO and CFO received bonuses that were dependant on the successful listing of the company.

Use of remuneration consultants
During the financial period ended to 31 December 2014, the consolidated entity did not engage any remuneration consultants to review its existing remuneration policies and provide any recommendations on how to improve its remuneration and reward programs.

Details of remuneration

Amounts of remuneration
Details of the remuneration of the KMP of the consolidated entity are set out in the following tables.

The KMP of the consolidated entity consisted of the following directors of Think Childcare and Education Limited:
- Mark Kerr - Chairman and Non-Executive Director
- Mathew Edwards - Managing Director and Chief Executive Officer
- Paul Gwilym - Executive Director, Chief Financial Officer and Joint Company Secretary
- Andrew Hanson - Non-Executive Director

And the following person:
- Amanda Mawer - Operations Manager

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Period ended 31 Dec 2014	Cash salary and fees $	Cash Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Mark Kerr - Chairman	14,870	-	-	1,412	-	-	16,282
Andrew Hanson	11,153	-	-	1,059	-	-	12,212
Executive Directors:							
Mathew Edwards	38,541	120,000	-	3,661	-	-	162,202
Paul Gwilym	34,375	200,000	-	3,320	-	-	237,695
Other Key Management Personnel:							
Amanda Mawer	16,475	-	-	1,565	-	-	18,040
	115,414	320,000	-	11,017	-	-	446,431

Remuneration detailed above is from commencement of operations on 22 October 2014 to 31 December 2014.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration Period ended 31 Dec 2014	At risk - listing bonus Period ended 31 Dec 2014	At risk - LTI Period ended 31 Dec 2014
Non-Executive Directors:			
Mark Kerr	100%	-%	-%
Andrew Hanson	100%	-%	-%
Executive Directors:			
Mathew Edwards	25%	75%	-%
Paul Gwilym	15%	85%	-%
Other Key Management Personnel:			
Amanda Mawer	100%	-%	-%

Service agreements

Remuneration and other terms of employment for KMP are formalised in service agreements. Details of these agreements are as follows:

Name:	Mathew Edwards
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	17 September 2014
Term of agreement:	5 years
Details:	Mathew receives a total fixed remuneration of $185,000 per annum, plus statutory superannuation entitlements and the use of a vehicle. The consolidated entity may terminate the employment agreement by giving six months' notice in writing, or by making a payment in lieu of part or all of the notice period. In the event of serious misconduct, serious breach or non-observance of any term or condition of the terms of the employment contract, the consolidated entity may immediately terminate Mathew's employment without notice or payment in lieu of notice. Mathew can terminate his employment by giving the consolidated entity six months' notice in writing.

Name:	Paul Gwilym
Title:	Executive Director and Chief Financial Officer
Agreement commenced:	17 September 2014
Term of agreement:	3 years
Details:	Paul receives a total fixed remuneration of $165,000 per annum, plus statutory superannuation entitlements and the use of a vehicle. The consolidated entity may terminate the employment agreement by giving six months' notice in writing, or by making a payment in lieu of part or all of the notice period. In the event of serious misconduct, serious breach or non-observance of any term or condition of the terms of the employment contract, the consolidated entity may immediately terminate Paul's employment without notice or payment in lieu of notice. Paul can terminate his employment by giving the consolidated entity six months' notice in writing.

Name:	Amanda Mawer
Title:	Operations Manager
Agreement commenced:	17 September 2014
Details:	Amanda receives a total fixed remuneration of $88,905 per annum, plus statutory superannuation entitlements. Amanda can terminate her employment by giving the consolidated entity four weeks' notice in writing.

KMP have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to directors and other KMP as part of compensation during or since the period ended 31 December 2014 and up to the date of this report.

Options
There were no options over ordinary shares issued to directors and other KMP as part of compensation that were outstanding as at 31 December 2014 and up to the date of this report.

There were no options over ordinary shares granted to or vested by directors and other KMP as part of compensation during or since the period ended 31 December 2014 and up to the date of this report.

Additional disclosures relating to KMP

Shareholding
The number of shares in the company held during the financial period by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the period	Issued at IPO	Applications as part of the IPO	Received as part of remuneration	Balance at the end of the period
Ordinary shares					
Mark Kerr **	-	350,000	770,000	-	1,120,000
Mathew Edwards *	-	13,545,100	-	-	13,545,100
Paul Gwilym	-	610,000	50,000	-	660,000
Andrew Hanson	-	-	50,000	-	50,000
	-	14,505,100	870,000	-	15,375,100

* Mathew Edwards was issued, directly or indirectly, 9,941,000 shares as consideration for the acquisition of the various childcare centres owned by Learning and Education Australia Pty Ltd ('LEA'), comprising (i) 7,625,010 shares as consideration for the acquisition of his interest in the LEA centres and (ii) 2,315,990 shares pursuant to the Vendor Offer, using cash consideration of $2,315,990. Refer to note 30 to the financial statements for further details of the acquisition. He was also issued, directly or indirectly, 3,604,100 founder shares.

** Mark Kerr has in March 2015 increased his holding with on-market purchases of 222,529 shares thereby increasing his total interest to 1,342,529 shares, as at the date of this report.

This concludes the remuneration report, which has been audited.

Shares under option
There were no unissued ordinary shares of Think Childcare and Education Limited under option outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of Think Childcare and Education Limited issued on the exercise of options during the period ended 31 December 2014 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial period, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial period by the auditor.

Officers of the company who are former audit partners of Bentleys NSW Audit Pty Ltd
There are no officers of the company who are former audit partners of Bentleys NSW Audit Pty Ltd.

Rounding of amounts
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order 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 is set out on the following page.

Auditor
Bentleys NSW Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Mark Kerr

Mark Kerr
Chairman

27 March 2015
Melbourne

Bentleys
THINKING AHEAD

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Auditor's Independence Declaration

Board of Directors
Think Childcare and Education Limited

As auditor for the audit of Think Childcare and Education Limited for the period ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

BENTLEYS NSW AUDIT PTY LTD	**ROBERT EVETT**
Chartered Accountants	**Director**

Dated at Sydney on this 27th day of March 2015

The Corporate Governance Statement of Think Childcare and Education Limited and its subsidiaries (referred to hereafter as the 'company' or 'Think') was approved by the Board of Directors (the 'Board') on 27 March 2015.

The company has adopted the 3rd edition of the ASX Corporate Governance Principles and Recommendations.

Principles/Recommendations	Compliance by Think
Principle 1: Lay solid foundations for management and oversight *A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.*	
Recommendation 1.1 A listed entity should disclose: a) the respective roles and responsibilities of its board and management; and b) those matters expressly reserved to the board and those delegated to management.	In accordance with the Board Charter, the Board has reserved to itself the following specific responsibilities: • providing leadership and setting the strategic objectives of the company; and overseeing management's implementation of those strategic objectives and performance generally; • appointing the chair; • appointing and when necessary replacing the Chief Executive Officer ('CEO'); • approving the appointment and termination of senior executives; • through the chair, overseeing the role of the company secretary; • approving strategic and operating budgets and major capital expenditure; • overseeing the integrity of Think's accounting and corporate reporting systems (including external audit); • overseeing Think's process for making timely and balanced disclosure; • ensuring Think has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate; • approving Think's remuneration framework; and • monitoring the effectiveness of Think's governance practices. The Board has delegated to the CEO and the executive team the authority to manage the day to day affairs of Think and authority to control the affairs of Think in relation to all matters other than those responsibilities reserved to itself in the Board Charter. The Board Charter will be available on the company's website.

Principles/Recommendations	Compliance by Think
Recommendation 1.2 A listed entity should: a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	The Board intends for appropriate checks to be undertaken in relation to potential Board candidates. Any material information concerning a Board candidate will subsequently be disclosed to Think security holders as part of the election or re-election process of that Board candidate.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	All Think directors and senior executives have entered into written appointment agreements with Think. Specifically: • the non-executive directors have each executed a letter of appointment setting out the terms and conditions of their appointment; and • the executive directors and senior executives of Think have entered into employment contracts, setting out the terms and conditions of their employment.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	As set out in the Board Charter, the company secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board. The company secretary is responsible for: • advising the Board and its committees on governance matters; • monitoring the Board and committee policy and procedures are followed; • advising the Board of upcoming reporting timelines within a reasonable timeframe; • coordinating the timely completion and dispatch of Board and committee papers; • ensuring the business at Board and committee meetings is accurately captured in the minutes; and • helping to organise and facilitate the induction and professional development of directors and the company secretary.

<table>
<tr><th>Principles/Recommendations</th><th>Compliance by Think</th></tr>
<tr><td>
Recommendation 1.5
A listed entity should:
a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
b) disclose that policy or a summary of it; and
c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:
1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
2) if the entity is a 'relevant employer' under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.
</td><td>
Think has a Diversity Policy in place although this does not require setting measurable objectives for achieving gender diversity as the existing management team is stable and experienced, including both men and women, and all decisions about appointments, recruitment and promotion will be made on merit in the best interests of the Company.
The Think Diversity Policy states that Think is committed to ensuring a diverse work environment in which everyone is treated fairly and with respect and where everyone feels responsible for the reputation and performance of Think.
As at 31 December 2014 the company had the following proportions of women:
<table>
<tr><th></th><th>Total</th><th>Female</th><th>%</th></tr>
<tr><td>Board</td><td>4</td><td>0</td><td>-%</td></tr>
<tr><td>Senior management</td><td>9</td><td>7</td><td>78%</td></tr>
<tr><td>Education and direct staff</td><td>776</td><td>774</td><td>99%</td></tr>
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Recommendation 1.6
A listed entity should:
a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.
</td><td>
In accordance with the Board Charter, each director's performance will be assessed annually. The Board (excluding the chair), will conduct the review of the chair.
In addition, the Audit and Risk Committee Charter sets out when such reviews are to take place with respect to each Committee. Think currently intends to disclose, at the relevant time, whether such a performance evaluation was undertaken in the relevant reporting period.
</td></tr>
<tr><td>
Recommendation 1.7
A listed entity should:
a) have and disclose a process for periodically evaluating the performance of its senior executives; and
b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.
</td><td>
In accordance with the Board Charter the evaluation of the executive director's performance will be considered by the independent directors. The chair of the Board is responsible for ensuring that senior executive evaluations take place on a regular basis.
Think currently intends to disclose, at the relevant time, whether a performance evaluation of senior executives was undertaken in the relevant reporting period.
</td></tr>
</table>

<table>
<tr><th>Principles/Recommendations</th><th>Compliance by Think</th></tr>
<tr><td colspan="2">Principle 2: Structure the board to add value
A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.</td></tr>
<tr><td>Recommendation 2.1
The board of a listed entity should:
a) have a nomination committee which:
1) has at least three members, a majority of whom are independent directors; and
2) is chaired by an independent director;
and disclose:
3) the charter of the committee;
4) the members of the committee; and
5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</td><td>Due to the small size of the Board and the company's current level of operations, Think does not have a separate Nomination and Remuneration Committee. All matters usually reserved for a Nomination and Remuneration Committee are to be undertaken by the Board. Where such matters relate to the performance of executive directors, these matters will be considered by the two independent, non-executive directors, being Mark Kerr and Andrew Hanson.</td></tr>
<tr><td>Recommendation 2.2
A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</td><td>The Board has not, at this time, adopted a board skills matrix. However, as set out in the Board Charter, Think will seek to have directors with an appropriate range of skills, experience and expertise and an understanding of and competence to deal with current and emerging issues of the business. In addition, Think's succession plans are designed to maintain an appropriate balance of skills, experience and expertise on the Board.</td></tr>
<tr><td>Recommendation 2.3
A listed entity should disclose:
a) the names of the directors considered by the board to be independent directors;
b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
c) the length of service of each director.</td><td>Mark Kerr and Andrew Hanson are considered by the Board to be independent.
Refer to 'Information on directors' section of the directors' report of the annual report for the skills and relevant experience and each director.
The Board will regularly assess the independence of each director in light of the interests disclosed by them. That assessment will be made at least annually at, or around the time, that the Board considers candidates for election to the Board, and each independent director is required to provide the Board with all relevant information for this purpose.</td></tr>
</table>

<table>
<tr><th>Principles/Recommendations</th><th>Compliance by Think</th></tr>
<tr><td></td><td>If the Board determines that a director's independent status has changed, that determination will be disclosed to the market in a timely fashion.

The directors and their appointment date is as follows:

Director — Appointment date
Mark Kerr — 21 July 2014
Mathew Edwards — 21 July 2014
Paul Gwilym — 21 July 2014
Andrew Hanson — 16 September 2014</td></tr>
<tr><td>Recommendation 2.4

A majority of the board of a listed entity should be independent directors.</td><td>The Board is presently balanced between independent and non-independent directors. Out of the four Board members, Mark Kerr and Andrew Hanson are each considered to be independent directors; are not members of management and are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the independent exercise of their judgement. They each hold less than five per cent of share capital in the company and have not worked in an executive capacity for the company or an associated company for at least three years.</td></tr>
<tr><td>Recommendation 2.5

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</td><td>The chair of the Board is Mark Kerr, who is an independent, non-executive director.

The CEO is Mathew Edwards.</td></tr>
<tr><td>Recommendation 2.6

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</td><td>In accordance with the Board Charter, the directors will be expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them.

The company secretary will help to organise and facilitate the induction and professional development of directors.</td></tr>
<tr><td colspan="2">Principle 3: Act ethically and responsibly

A listed entity should act ethically and responsibly.</td></tr>
<tr><td>Recommendation 3.1

A listed entity should:

a) have a code of conduct for its directors, senior executives and employees; and

b) disclose that code or a summary of it.</td><td>The Board has adopted a Code of Conduct which sets out the values, commitments, ethical standards and policies of Think and outlines the standards of conduct expected of Think's business and people, taking into account Think's legal and other obligations to its stakeholders

The Code of Conduct applies to all directors, as well as all officers, employees, contractors, consultants, other persons that act on behalf of Think, and associates of Think.

The Code of Conduct will be available on the Think website.</td></tr>
</table>

Principles/Recommendations	Compliance by Think
Principle 4: Safeguard integrity in corporate reporting *A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.*	
Recommendation 4.1 The board of a listed entity should: a) have an audit committee which: 1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and 2) is chaired by an independent director, who is not the chair of the board, and disclose: 3) the charter of the committee; 4) the relevant qualifications and experience of the members of the committee; and 5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	The Board has established an Audit and Risk Committee. This Committee is responsible for, amongst other things, appointing the company's external auditors and overseeing the integrity of the company's financial reporting systems and financial statements. Due to the small size of the Board and the company's current level of operations, the Audit and Risk Committee currently has only two independent, non-executive directors, being Andrew Hanson (chair) and Mark Kerr. The Audit and Risk Committee Charter will be available on the Think website The relevant qualifications and experience of Andrew Hanson and Mark Kerr has been disclosed the 'Information of directors' section of the directors' report. Think currently intends that it will disclose, at the relevant time, the number of times the Audit and Risk Committee met, and the attendance at those meetings, at the end of each relevant reporting period. Refer to 'Meeting of directors' section of the directors' report of the annual report.
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	The Board has a process to receive written assurances from its CEO and CFO that the declarations that will be provided under section 295A of the Corporations Act 2001 are founded on a system of risk management and internal control and that the system is operating in all material respects in relation to financial reporting risks. The Board will seek these assurances prior to approving the annual financial statements for all half year and full year results that follow.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	In accordance with the Think Shareholder Communications Policy, there is a requirement that the external auditor will attend the AGM and be available to answer questions about the conduct of the audit and the preparation and content of the auditor's report.

Principles/Recommendations	Compliance by Think
Principle 5: Make timely and balanced disclosure *A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.*	
Recommendation 5.1 A listed entity should: a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and b) disclose that policy or a summary of it.	The Board has adopted Continuous Disclosure and Shareholder Communications Policies, which set out Think's commitment to the objective of promoting investor confidence and the rights of security holders by: • complying with the continuous disclosure obligations imposed by law; • ensuring that the company announcements are presented in a factual, clear and balanced way; • ensuring that all security holders have equal and timely access to material information concerning Think; and • communicating effectively with security holders and making it easy for them to participate in general meetings. The Continuous Disclosure and Shareholder Communications Policies will be available on Think's website.
Principle 6: Respect the rights of security holders *A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.*	
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	Information concerning Think and its governance practices will be available on Think's website.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Board has adopted Continuous Disclosure and Shareholder Communications Policies which supports its commitment to effective communication with its security holders. In addition, Think intends to communicate with its security holders: • by making timely market announcements; • by posting relevant information on to its website; • by inviting security holders to make direct inquiries to Think; and through the use of general meetings.
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Think security holders are encouraged to attend general meetings, and notice of such meetings will be given in accordance with the Think constitution, the Corporations Act 2001, and the ASX Listing Rules.

Principles/Recommendations	Compliance by Think
	As set out in the Think constitution, security holders may: • attend meetings in person; • appoint a proxy, attorney or representative to vote on their behalf; or • at the directors' determination, directly vote on the resolution(s) proposed at the relevant meeting.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Think security holders may elect to receive information from Think and its registry electronically. Otherwise, Think and its registry will communicate by post with shareholders who have not elected to receive information electronically.
Principle 7: Recognise and manage risk *A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.*	
Recommendation 7.1 The board of a listed entity should: a) have a committee or committees to oversee risk, each of which: 1) has at least three members, a majority of whom are independent directors; and 2) is chaired by an independent director, and disclose: 3) the charter of the committee; 4) the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	The Board has established an Audit and Risk Committee to, amongst other things, ensure Think has an effective risk management system in place and to manage key risk areas. As mentioned above, the Audit and Risk Committee is currently comprised of two independent, non-executive directors, being, Andrew Hanson and Mark Kerr. The chair of the Audit and Risk Committee is Andrew Hanson, who is an independent director. Think currently intends that it will disclose, at the relevant time, the number of times the Audit and Risk Committee met, and the attendance at those meetings, at the end of each reporting period. Refer to 'Meeting of directors' section of the directors' report of the annual report. The Audit and Risk Committee Charter will be available on Think's website.
Recommendation 7.2 The board or a committee of the board should: a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and b) disclose, in relation to each reporting period, whether such a review has taken place.	In accordance with the Board Charter, the Board will ensure that Think has in place an appropriate risk management framework and will set the appetite within which the Board expects management to operate. Further, the Audit and Risk Committee Charter provides that the Audit and Risk Committee will, among other things, regularly review and update the risk profile and ensure that Think has an effective risk management system.

Principles/Recommendations	Compliance by Think
	As part of this process, the Board will review, at least annually, Think's risk management framework in order to satisfy itself that it continues to be sound.
Recommendation 7.3 A listed entity should disclose: a) if it has an internal audit function, how the function is structured and what role it performs; or b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Think does not at this time, have an internal audit function. However, as set out in the Audit and Risk Committee Charter, the Audit and Risk Committee has responsibility to ensure that Think has appropriate internal audit systems and controls in place, and for overseeing the effectiveness of these internal controls. The Audit and Risk Committee is also responsible for conducting investigations of breaches or potential breaches of these internal controls. In addition, the Audit and Risk Committee is responsible for preparing a risk profile which describes the material risks facing Think, regularly reviewing and updating this risk profile, and assessing and ensuring that there are internal controls in place for determining and managing key risks.
Recommendation 7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	As set out in the IPO Prospectus, Think is subject to risk factors that are both specific to its business activities and that are of a more general nature. Specific risks disclosure is included in section 5 of the IPO Prospectus available on Think's website.
Principle 8: Remunerate fairly and responsibly *A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.*	
Recommendation 8.1 The board of a listed entity should: a) have a remuneration committee which: 1) has at least three members, a majority of whom are independent directors; and 2) is chaired by an independent director, and disclose: 3) the charter of the committee; 4) the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior	The Board is responsible for developing, reviewing and making recommendations on: • Think's remuneration framework for directors, including the process by which any pool of directors fees approved by security holders is allocated to directors; • the remuneration packages to be awarded to senior executives; • equity based remuneration plans for senior executives and other employees; and • superannuation arrangements for directors, senior executives and other employees.

Principles/Recommendations	Compliance by Think
executives and ensuring that such remuneration is appropriate and not excessive.	
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	The policies regarding remuneration of non-executive directors and the remuneration and employment arrangements of executive directors will be disclosed in the Annual Report.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and b) disclose that policy or a summary of it.	Under Think's Securities Trading Policy, certain designated persons are prohibited from entering into transactions or arrangements with anyone which could have the effect of limiting their exposure to risk relating to an element of their remuneration that: • has not vested; or • has vested but remains subject to a holding lock. In addition, Think has a policy relating to certain designated persons prohibiting entering into margin lending arrangements relating to Think's shares, prohibiting short term or speculative trading in Think's shares or in financial products associated with Think's securities and prohibiting dealing in financial products associated with Think's securities. The Think Securities Trading Policy will be available on the Think website.

The company is in the process of updating its website www.thinkchildcare.com.au, where all the policies and governance documentation will be made available.

The IPO Prospectus is available at the following website: www.thinkchildcareandeducation.com.

Contents

General information

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

Think Childcare and Education 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 27 March 2015. The directors have the power to amend and reissue the financial statements.

	Note	Consolidated Period ended 31 Dec 2014 $'000
Revenue	4	7,230
Expenses		
Employee expenses		(4,517)
Occupancy expenses		(1,012)
Direct expenses of providing services		(231)
Marketing expenses		(163)
Formation and acquisition expenses	5	(7,048)
Other expenses		(422)
Depreciation and amortisation expense	5	(61)
Finance costs	5	(131)
Loss before income tax benefit		(6,355)
Income tax benefit	6	343
Loss after income tax benefit for the period attributable to the owners of Think Childcare and Education Limited	20	(6,012)
Other comprehensive income for the period, net of tax		-
Total comprehensive income for the period attributable to the owners of Think Childcare and Education Limited		(6,012)
		Cents
Basic earnings per share	34	(15.18)
Diluted earnings per share	34	(15.18)

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

	Note	Consolidated 31 Dec 2014 $'000
Assets		
Current assets		
Cash and cash equivalents	7	4,357
Trade and other receivables	8	2,910
Other	9	406
Total current assets		7,673
Non-current assets		
Property, plant and equipment	10	1,273
Intangibles	11	17,425
Deferred tax	12	1,927
Other	13	871
Total non-current assets		21,496
Total assets		29,169
Liabilities		
Current liabilities		
Trade and other payables	14	8,729
Employee benefits	15	1,575
Total current liabilities		10,304
Non-current liabilities		
Borrowings	16	5,000
Employee benefits	17	782
Total non-current liabilities		5,782
Total liabilities		16,086
Net assets		13,083
Equity		
Issued capital	18	37,664
Reserves	19	(18,569)
Accumulated losses	20	(6,012)
Total equity		13,083

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

Consolidated	Issued capital $'000	Common control reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 21 July 2014	-	-	-	-
Loss after income tax benefit for the period	-	-	(6,012)	(6,012)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(6,012)	(6,012)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 18)	37,664	-	-	37,664
Entities acquired under common control (note 19)	-	(18,569)	-	(18,569)
Balance at 31 December 2014	37,664	(18,569)	(6,012)	13,083

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

	Note	Consolidated Period ended 31 Dec 2014 $'000
Cash flows from operating activities		
Cash receipts from parents and government funding		4,311
Payments to suppliers and employees		(4,017)
		294
Interest received		9
Interest and other finance costs paid		(131)
Net cash from operating activities	33	172
Cash flows from investing activities		
Payments for purchase of business, net of cash acquired	30	(19,089)
Payments for property, plant and equipment	10	(69)
Payments for security deposits		(871)
Net cash used in investing activities		(20,029)
Cash flows from financing activities		
Proceeds from issue of shares	18	21,150
Proceeds from bank loans	16	5,000
Payments of share issue costs, net of tax		(1,936)
Net cash from financing activities		24,214
Net increase in cash and cash equivalents		4,357
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of the financial period	7	4,357

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

New, revised or amending Accounting Standards and Interpretations adopted

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

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

Accounting period

The company was incorporated on 21 July 2014 and commenced trading from 22 October 2014 when the first tranche of childcare centres were acquired. The results are therefore for the accounting period 22 October 2014 to 31 December 2014.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 29.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Think Childcare and Education Limited ('company' or 'parent entity') as at 31 December 2014 and the results of all subsidiaries for the period then ended. Think Childcare and Education Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of common control subsidiaries is accounted for using the 'common control' method of accounting. The acquisition of other subsidiaries is accounted for using the 'acquisition method' of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Note 1. Significant accounting policies (continued)

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Provision of childcare services
Fees paid by the Commonwealth, State or Territory Governments or parent fees are recognised as revenue as and when the early learning service is provided.

Revenue received in advance is recognised as deferred income and classified as a liability until earned.

Management fees
Fees paid by externally owned centres are recognised when the management services have been performed.

Commonwealth, State and Territory Government grants
Grants from the Commonwealth, State or Territory Governments are recognised at their fair value when there is reasonable assurance that the grant will be received and the consolidated entity will comply with all conditions associated with the grant.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

Note 1. Significant accounting policies (continued)

An asset is current when: it is expected to be realised or intended to be sold or consumed in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired.

Other receivables are recognised at amortised cost, less any provision for impairment.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Plant and equipment	3-10 years
Computer equipment	1-3 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Note 1. Significant accounting policies (continued)

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Goodwill
Where an entity or operation is acquired in a business combination, that is not a common control transaction, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of the acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Impairment of non-financial assets
Goodwill and assets under construction are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Deferred consideration
Deferred consideration arises when settlement of all or any part of the cost of a business combination is deferred. It is initially recognised at fair value at the acquisition-date, which is determined by discounting the amount due to present value at that date. The liability is subsequently measured at amortised cost using the effective interest method.

Where deferred consideration is in the form of shares and the number of shares to be issued is fixed, the fair value is credited to equity.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities are capitalised, offset against the liability and amortised over the period of the facility to which it relates. Borrowings are extinguished when its contractual obligations are discharged or cancelled or expire.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 1. Significant accounting policies (continued)

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including interest on short-term and long term borrowings.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations
The acquisition method of accounting is used to account for business combinations, other than those deemed to be common control transactions, regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

Note 1. Significant accounting policies (continued)

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Common control transactions
The assets and liabilities of entities acquired via common control transactions have been recognised using their historical values rather than fair values used in other business combinations (see above). The continuation of existing accounting values is consistent with the accounting that would have occurred if the assets and liabilities had already been within the consolidated entity and most appropriately reflects the substance of the internal restructure. The difference between shares issued and cash exchanged as part of the common control transaction and the historical values of asset and liabilities acquired is recorded in equity, as a common control reserve.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Think Childcare and Education Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Note 1. Significant accounting policies (continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments and its consequential amendments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. AASB 9 has been revised and reissued and completes the project to replace IAS 39 ‘Financial Instruments: Recognition and Measurement’. The reissued standard supersedes all previous versions of AASB 9.

AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows where the contractual cash flows arise on specified dates and are solely payments of principal and interest based on the principal outstanding. A financial asset shall be measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is to both hold assets in order to collect contractual cash flows (as per amortised cost) and sell financial assets. All other financial instrument assets are to be 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) in other comprehensive income. For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). This removes situations where gains caused by a deterioration in own credit risk on financial liabilities held are no longer recognised in profit or loss. New hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities undertaken by entities enabling entities to better reflect these activities through enhanced disclosure.

New impairment requirements will use an ‘expected credit loss’ (‘ECL’) model to recognise an allowance meaning that it is no longer necessary for a credit event to have occurred before credit losses are recognised. This will therefore bring forward the timing of recognising impairment losses. Impairment will be measured at either an amount equal to the 12-month expected credit losses, being the portion of lifetime expected credit losses that represent the expected credit losses resulting from events of default that could occur within the 12 months of reporting date, or the full lifetime expected credit losses which are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses shall be measured under the 12-month expected credit losses method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime expected credit loss method is adopted. The amendments add extensive new disclosures relating to the ECL provisions. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 1. Significant accounting policies (continued)

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)
Parts A to C of these amendments is applicable to annual reporting periods beginning on or after 1 July 2014 and affects the following standards:

- AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition';
- AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9;
- AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker;
- AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139;
- AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset;
- AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity;
- AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

The adoption of these amendments from 1 January 2015 will not have a material impact on the consolidated entity.

AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation
These amendments are applicable to annual reporting periods beginning on or after 1 January 2016. AASB 2014-4 amends AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets' to clarify that depreciation and amortisation should be based on the expected pattern of consumption of an asset, that the use of revenue based methods to calculate depreciation is not appropriate, and that there is a rebuttable presumption that revenue is an inappropriate basis for measuring the consumption of the economic benefit embodied in an intangible asset. The adoption of these amendments from 1 January 2016 will not have a material impact on the consolidated entity.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be 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. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 January 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Accounting for the common control transaction at Initial Public Offering ('IPO')
During the financial period, a restructure took place in preparation of the listing of the consolidated entity on the Australian Securities Exchange. This resulted in a newly incorporated company, Think Childcare and Education Limited, becoming the legal parent of the consolidated entity, conditional on the IPO completing.

The directors elected to account for the restructure as a common control transaction rather than a business combination. In the directors' judgement, the continuation of the existing accounting values is consistent with the accounting that would have occurred if the assets and liabilities had already been in a structure suitable to IPO and most appropriately reflects the substance of the transaction. As such, the financial statements of the consolidated entity have been presented as a continuation of the pre-existing accounting values of assets and liabilities in Learning and Education Australia Pty Ltd financial statements.

In adopting this approach the directors note that there is an alternate view that such a restructure conditional on the IPO completing should be accounted for as a business combination that follows the legal structure of Think Childcare and Education Limited being the acquirer. If this view had been taken, the net assets of the consolidated entity would have been uplifted to fair value by $18,569,000, based on a market capitalisation at IPO of $39,600,000, with consequential impacts on profit or loss and the statement of financial position. An IASB project on accounting for common control transactions is likely to address such restructures in the future. However, the precise nature of any new requirements and the timing of these are uncertain. In any event, history indicates that any potential changes are unlikely to require retrospective amendments to the financial statements.

Share-based payments
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Goodwill
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Business combinations
As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. 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.

Major customers
During the period ended 31 December 2014, none of the consolidated entity's external revenue was derived from sales to one specific customer or group of customers that derived more than 10% of total revenue.

Note 4. Revenue

	Consolidated Period ended 31 Dec 2014 $'000
Sales revenue	
Provision of childcare services	7,133
Other revenue	
Management fees	88
Interest	9
	97
Revenue	7,230

Note 5. Expenses

	Consolidated Period ended 31 Dec 2014 $'000
Loss before income tax includes the following specific expenses:	
Depreciation	
Plant and equipment	56
Computer equipment	5
Total depreciation	61
Finance costs	
Interest and finance charges paid/payable	131
Rental expense relating to operating leases	
Minimum lease payments	687
Superannuation expense	
Defined contribution superannuation expense	367
Employee benefits expense excluding superannuation	4,150
Formation and acquisition expenses	
Share based payment expense (note 18)	4,055
Initial public offering expenses	1,121
Acquisition and integration costs	1,872
Total formation and acquisition expenses	7,048

Note 6. Income tax benefit

	Consolidated Period ended 31 Dec 2014 $'000
Income tax benefit	
Deferred tax - origination and reversal of temporary differences	(343)
Aggregate income tax benefit	(343)
Deferred tax included in income tax benefit comprises:	
Increase in deferred tax assets (note 12)	(343)
Numerical reconciliation of income tax benefit and tax at the statutory rate	
Loss before income tax benefit	(6,355)
Tax at the statutory tax rate of 30%	(1,907)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	
Share-based payments	1,217
Non-deductible expenses	347
Income tax benefit	(343)

Note 7. Current assets - cash and cash equivalents

	Consolidated 31 Dec 2014 $'000
Cash at bank	4,357

Note 8. Current assets - trade and other receivables

	Consolidated 31 Dec 2014 $'000
Trade receivables	2,342
Other receivables	659
Less: Provision for impairment of receivables	(91)
	2,910

Impairment of receivables
The consolidated entity has recognised an expense of $91,000, within the 'other expenses' category, in profit or loss in respect of a provision for impairment of receivables for the period ended 31 December 2014.

The ageing of the impaired receivables provided for above are as follows:

	Consolidated 31 Dec 2014 $'000
0 to 3 months overdue	61
3 to 6 months overdue	13
Over 6 months overdue	17
	91

Movements in the provision for impairment of receivables are as follows:

	Consolidated 31 Dec 2014 $'000
Provisions recognised	91

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $nil as at 31 December 2014.

Note 9. Current assets - other

	Consolidated 31 Dec 2014 $'000
Prepayments	406

Note 10. Non-current assets - property, plant and equipment

	Consolidated 31 Dec 2014 $'000
Plant and equipment - at cost	1,302
Less: Accumulated depreciation	(56)
	1,246
Computer equipment - at cost	32
Less: Accumulated depreciation	(5)
	27
	1,273

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

Consolidated	Plant and equipment $'000	Computer equipment $'000	Total $'000
Balance at 21 July 2014	-	-	-
Additions	37	32	69
Additions through business combinations (note 30)	1,265	-	1,265
Depreciation expense	(56)	(5)	(61)
Balance at 31 December 2014	1,246	27	1,273

Note 11. Non-current assets - intangibles

	Consolidated 31 Dec 2014 $'000
Goodwill - at cost	17,425

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

Consolidated	Goodwill $'000	Total $'000
Balance at 21 July 2014	-	-
Additions through business combinations (note 30)	17,425	17,425
Balance at 31 December 2014	17,425	17,425

Impairment test for goodwill
Goodwill is allocated to a single cash-generating unit ('CGU'), which is based on the consolidated entity's operating segment. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use a pre-tax discount rate of 15% and cash flow projections based on financial budgets approved by management covering a one year period. Cash flows beyond the one year period are extrapolated using the estimated growth rates of occupancy and daily fee rate. The growth rate does not exceed the long term average growth rate for the business, and given the proximity to the prospectus release and the limited trading history, the consolidated entity believe that the assumptions made in the prospectus remain appropriate.

Note 11. Non-current assets - intangibles (continued)

Impact of possible changes in assumptions - sensitivity analysis
Any reasonable possible change in assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

Note 12. Non-current assets - deferred tax

	Consolidated 31 Dec 2014 $'000
Deferred tax asset comprises temporary differences attributable to:	
Amounts recognised in profit or loss:	
Impairment of receivables	27
Employee benefits	701
Acquisition costs	392
Other	70
	1,190
Amounts recognised in equity:	
Transaction costs on share issue	737
Deferred tax asset	1,927
Movements:	
Credited to profit or loss (note 6)	343
Additions through business combinations (note 30)	662
Credited to equity	922
Closing balance	1,927

Note 13. Non-current assets - other

	Consolidated 31 Dec 2014 $'000
Security deposits	871

Note 14. Current liabilities - trade and other payables

	Consolidated 31 Dec 2014 $'000
Trade payables	3,171
Fees received in advance	265
Deferred consideration	3,030
Other payables	2,263
	8,729

Refer to note 22 for further information on financial instruments.

Note 15. Current liabilities - employee benefits

	Consolidated 31 Dec 2014 $'000
Annual leave	1,078
Personal leave	497
	1,575

Note 16. Non-current liabilities - borrowings

	Consolidated 31 Dec 2014 $'000
Bank loans	5,000

Refer to note 22 for further information on financial instruments.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated 31 Dec 2014 $'000
Bank loans	5,000

Assets pledged as security
The bank loans are secured on the assets and undertakings of the consolidated entity.

Financing arrangements

	Consolidated 31 Dec 2014 $'000
Total facilities	
Bank overdraft	2,000
Bank loans	25,000
Rental bond facility	2,000
	29,000
Used at the reporting date	
Bank overdraft	-
Bank loans	5,000
Rental bond facility	-
	5,000
Unused at the reporting date	
Bank overdraft	2,000
Bank loans	20,000
Rental bond facility	2,000
	24,000

Note 16. Non-current liabilities - borrowings (continued)

The unused portion of the bank loans facility of $20,000,000, is only available for future acquisitions and there are specific criteria that needs to be met prior to draw-down. The facility is renewable on 16 December 2017.

As at 31 December 2014 the Australian and New Zealand ('ANZ') Bank facility was in good order and the consolidated entity was not in breach of any covenant. Subject to satisfaction of certain conditions, $10,000,000 is available for suitable acquisitions immediately and a further $10,000,000 facility is available. However, this second tranche is an uncommitted cash advance.

Note 17. Non-current liabilities - employee benefits

	Consolidated 31 Dec 2014 $'000
Annual leave	202
Long service leave	580
	782

Note 18. Equity - issued capital

	Consolidated	
	31 Dec 2014 Shares	31 Dec 2014 $'000
Ordinary shares - fully paid	39,600,000	37,664

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	21 July 2014	-		-
Issue of shares - share based payment transaction	22 October 2014	4,054,900	$1.00	4,055
Issue of shares as part of business combinations	22 October 2014	13,545,100	$1.00	13,545
Issue of shares at IPO	22 October 2014	21,150,000	$1.00	21,150
Issue of shares at IPO in lieu of cash	22 October 2014	850,000	$1.00	850
Share issue transaction costs, net of tax	22 October 2014	-	$0.00	(1,936)
Balance	31 December 2014	39,600,000		37,664

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 18. Equity - issued capital (continued)

The consolidated entity may look to raise capital in addition to its borrowing facility with the ANZ for acquisitions when an opportunity to invest in a business or company is seen as value adding relative to the current consolidated entity's share price at the time of the investment.

The consolidated entity is actively pursuing additional investments at this time in line with its prospectus business plan, and intends to utilise its borrowing capacity in the first instance.

The consolidated entity is subject to certain financing arrangement covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial period.

Note 19. Equity - reserves

	Consolidated 31 Dec 2014 $'000
Common control reserve	(18,569)

Common control reserve
The common control reserve is used to recognise the difference between (i) the shares issued and cash exchanged and (ii) the historical values of assets and liabilities acquired, between entities under common control.

Movements in reserves
Movements in each class of reserve during the current financial period are set out below:

Consolidated	Common control $'000	Total $'000
Balance at 21 July 2014	-	-
Common control reserve (note 30)	(18,659)	(18,659)
Balance at 31 December 2014	(18,659)	(18,659)

Note 20. Equity - accumulated losses

	Consolidated 31 Dec 2014 $'000
Retained profits at the beginning of the financial period	-
Loss after income tax benefit for the period	(6,012)
Accumulated losses at the end of the financial period	(6,012)

Note 21. Equity - dividends

There were no dividends paid, recommended or declared during the current financial period.

Note 22. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity may use derivative financial instruments such as interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by the CFO under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. The CFO identifies, evaluates and hedges financial risks within the consolidated entity's operating units. The CFO reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The consolidated entity does not undertake material transactions denominated in foreign currency and hence is not exposed to foreign currency risk through foreign exchange rate fluctuations.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the consolidated entity to interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value interest rate risk. The policy is to maintain approximately $10,000,000 of borrowings at variable rate and at least 50% of the balance at fixed rate using interest rate swaps to achieve this when necessary.

As at the reporting date, the consolidated entity had the following variable rate borrowings and interest rate swap contracts outstanding:

	31 Dec 2014	
Consolidated	Weighted average interest rate %	Balance $'000
Bank loans	4.35%	5,000
Net exposure to cash flow interest rate risk		5,000

An analysis by remaining contractual maturities in shown in 'liquidity and interest rate risk management' below.

An increase/decrease in interest rates of 50 basis points would have an adverse/favourable effect on profit before tax and equity of $25,000 per annum.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict policy on the management of credit for trade receivables, which is managed in a three tier approach: at the centre director level; at the area manager level; and then at the executive management level.

In the event that the consolidated entity is exposed to credit risk outside of trade receivable, depending on the quantum, it may obtain agency credit information, confirm references and will establish an appropriate credit limit for that debtor. The consolidated entity may obtain guarantees where appropriate to mitigate credit risk.

Note 22. Financial instruments (continued)

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated 31 Dec 2014 $'000
Bank overdraft	2,000
Bank loans	20,000
Rental bond facility	2,000
	24,000

The unused portion of the bank loans facility of $20,000,000, is only available for future acquisitions and there are specific criteria that needs to be met prior to draw-down. Refer to note 16 for further details.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 31 Dec 2014	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	3,171	-	-	-	3,171
Other payables	-%	2,263	-	-	-	2,263
Fees received in advance	-%	265	-	-	-	265
Deferred consideration	-%	3,030	-	-	-	3,030
Interest-bearing - variable						
Bank loans	4.35%	218	218	5,218	-	5,654
Total non-derivatives		8,947	218	5,218	-	14,383

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 23. Fair value measurement

There were no assets or liabilities either measured or disclosed at fair value at the reporting date.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 24. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated Period ended 31 Dec 2014 $
Short-term employee benefits	435,414
Post-employment benefits	11,017
	446,431

Note 25. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by Bentleys NSW Audit Pty Ltd, the auditor of the company:

	Consolidated Period ended 31 Dec 2014 $
Audit services - Bentleys NSW Audit Pty Ltd	
Audit or review of the financial statements	35,000

Note 26. Contingent liabilities

The consolidated entity does not have contingent liabilities as at 31 December 2014.

Note 27. Commitments

	Consolidated 31 Dec 2014 $'000
Lease commitments - operating	
Committed at the reporting date but not recognised as liabilities, payable:	
Within one year	3,806
One to five years	12,856
More than five years	9,543
	26,205

Operating lease commitments includes contracted amounts for head office and child care centres under non-cancellable operating leases expiring within three to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 28. Related party transactions

Parent entity
Think Childcare and Education Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 31.

Key management personnel
Disclosures relating to key management personnel are set out in note 24 and the remuneration report in the directors' report.

Transactions with related parties
Mathew Edwards was issued, directly or indirectly, 9,941,000 shares as consideration for the acquisition of the various childcare centres owned by Learning and Education Australia Pty Ltd ('LEA'), comprising (i) 7,625,010 shares as consideration for the acquisition of his interest in the LEA centres and (ii) 2,315,990 shares pursuant to the Vendor Offer, using cash consideration of $2,315,990. Refer to note 30 for further details of the acquisition. He was also issued, directly or indirectly, 3,604,100 vendor shares.

The consolidated entity acquired a number of childcare centres from Baker Street Childcare Education Pty Limited. Mathew Edwards and Mark Kerr are directors of Baker Street Childcare Education Pty Limited. Refer to note 30 for further details of the acquisition.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the reporting date.

Loans to/from related parties
There were no loans to or from related parties at the reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 29. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent Period ended 31 Dec 2014 $'000
Loss after income tax	(6,821)
Total comprehensive income	(6,821)

Note 29. Parent entity information (continued)

Statement of financial position

	Parent 31 Dec 2014 $'000
Total current assets	20,969
Total assets	41,592
Total current liabilities	5,749
Total liabilities	10,749
Equity	
Issued capital	37,664
Accumulated losses	(6,821)
Total equity	30,843

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2014.

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2014.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 30. Business combinations

Acquisition of childcare centres from Baker Street Childcare Education Pty Limited ('BAK') and other external parties - acquisition method
The consolidated entity acquired a number of childcare centres from BAK and others, for the total consideration transferred of $16,856,000 in cash and shares. The acquisitions were completed between 22 October 2014 and 29 December 2014. The goodwill of $17,425,000 represents the future positive cash flows from the underlying childcare centres. The revenue from the acquisitions amounted to $3,722,000 for the period. Due to the significant integration effects of the acquisitions being run as a combined portfolio of centres, it is not possible to provide with reasonable accuracy a profit contribution for this cohort for the period. The acquisitions are provisional at 31 December 2014.

Note 30. Business combinations (continued)

Details of the acquisition are as follows:

	Fair value $'000
Plant and equipment	349
Deferred tax asset	373
Other payables	(25)
Employee benefits	(1,266)
Net liabilities acquired	(569)
Goodwill	17,425
Acquisition-date fair value of the total consideration transferred	16,856
Representing:	
Think Childcare and Education Limited shares issued to vendor	263
Cash paid to vendor	16,593
	16,856

Learning and Education Australia Pty Ltd ('LEA') - common control transaction
Prior to the IPO, LEA (a common controlled entity) entered into agreements with the consolidated entity for the sale of various childcare centres. The amount paid in excess of the historical value of net assets, is treated as an equity transaction, classified as common control reserve. The total consideration transferred was $18,808,000.

Details of the acquisition are as follows:

	Fair value $'000
Plant and equipment	916
Deferred tax asset	289
Employee benefits	(966)
Net assets acquired	239
Common control reserve	18,569
Acquisition-date fair value of the total consideration transferred	18,808
Representing:	
Think Childcare and Education Limited shares issued to vendor	13,282
Cash paid to vendor	2,496
Cash payable to vendor	3,030
	18,808

Note 31. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 31 Dec 2014 %
Baker Street Childcare Education Pty Ltd	Australia	100.00%
Childcare Management Services Pty Ltd	Australia	100.00%
Edhod Greensborough Pty Ltd	Australia	100.00%
Edhod Macleod Pty Ltd	Australia	100.00%
Edhod Newcomb Pty Ltd	Australia	100.00%
Edhod Settlement Pty Ltd	Australia	100.00%
Edhod Trafalgar Pty Ltd	Australia	100.00%
Edhod Wilson Pty Ltd	Australia	100.00%
LEA Childcare Pty Ltd	Australia	100.00%
Lea Childcare Services Pty Ltd	Australia	100.00%
LEA Cobbs Pty Ltd	Australia	100.00%
LEA Cranbourne Pty Ltd	Australia	100.00%
LEA Georges Pty Ltd	Australia	100.00%
LEA Landsdale Pty Ltd	Australia	100.00%
LEA Lara Pty. Ltd	Australia	100.00%
LEA Springhill Pty Ltd	Australia	100.00%
LEA Superior Pty Ltd	Australia	100.00%
LEA Westmeadows Pty Ltd	Australia	100.00%
Think 2 Georges Hall Geor Pty Ltd	Australia	100.00%
Think 2 Tuggerah Cob Pty Ltd	Australia	100.00%
Think 3 Dandenong Can Pty Ltd	Australia	100.00%
Think 3 Rowville Lakes Sup Pty Ltd	Australia	100.00%
Think Childcare Belmont Pty Ltd	Australia	100.00%
Think Childcare Moorabbin Pty Ltd	Australia	100.00%
Think Childcare Pty Ltd	Australia	100.00%
Think Childcare Services No.1 Pty Ltd	Australia	100.00%

Note 32. Events after the reporting period

No matter or circumstance has arisen since 31 December 2014 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.

Note 33. Reconciliation of loss after income tax to net cash from operating activities

	Consolidated Period ended 31 Dec 2014 $'000
Loss after income tax benefit for the period	(6,012)
Adjustments for:	
Depreciation and amortisation	61
Share-based payments	4,055
Change in operating assets and liabilities:	
Increase in trade and other receivables	(2,910)
Increase in deferred tax assets	(1,265)
Increase in other assets	(406)
Increase in trade and other payables	6,524
Increase in employee benefits	125
Net cash from operating activities	172

Note 34. Earnings per share

	Consolidated Period ended 31 Dec 2014 $'000
Loss after income tax attributable to the owners of Think Childcare and Education Limited	(6,012)
	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	39,600,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	39,600,000
	Cents
Basic earnings per share	(15.18)
Diluted earnings per share	(15.18)

The weighted average number of ordinary shares is based on 39,600,000 which is from the issue date of 22 October 2014.

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the financial period 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Mark Kerr

Mark Kerr
Chairman

27 March 2015
Melbourne

Bentleys
THINKING AHEAD

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bentleys.com.au

Independent Auditor's Report

To the members of Think Childcare and Education Limited

Report on the Financial Report

We have audited the accompanying financial report of Think Childcare and Education Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 31 December 2014, statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity comprising the entities it controlled at the period end or from time to time during the financial period.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, 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 Think Childcare and Education Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
   (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2014 and of its performance for the period ended on that date; and
   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the period ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Think Childcare and Education Limited for the period ended 31 December 2014 complies with section 300A of the Corporations Act 2001.

BENTLEYS NSW AUDIT PTY LTD
Chartered Accountants

ROBERT EVETT
Director

Dated at Sydney on this 27th day of March 2015

The shareholder information set out below was applicable as at 13 March 2015.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	30
1,001 to 5,000	152
5,001 to 10,000	178
10,001 to 100,000	160
100,001 and over	23
	543
Holding less than a marketable parcel	5

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares Number held	Ordinary shares % of total shares issued
MR MATHEW EDWARDS	7,625,010	19.26
ISAMAX PTY LTD	5,920,090	14.95
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD (PICREDIT)	3,967,761	10.02
CITICORP NOMINEES PTY LIMITED	3,650,000	9.22
RIVERSDALE ROAD SHAREHOLDING COMPANY (RIVERSDALE ROAD HOLDING A/C)	2,504,400	6.32
J P MORGAN NOMINEES AUSTRALIA LIMITED	1,649,440	4.17
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,594,350	4.03
MR MARK GREGORY KERR + MRS LINDA MARIE KERR (LINDMARK INV STAFF S/F A/C)	992,529	2.51
SEGUE CORP PTY LTD (SEGUE INVESTMENTS A/C)	660,000	1.67
ASL PORTFOLIO INVESTMENTS PTY LTD	515,500	1.30
AUST EXECUTOR TRUSTEES LTD (DS CAPITAL GROWTH FUND)	500,000	1.26
MR SEAN LESLIE COLLINS	389,000	0.98
PARADYCE PTY LTD	350,000	0.88
ANDREW KROGER + MICHAEL KROGER (THE MICHAEL KROGER S/F A/C)	321,000	0.81
HUDSON CONWAY INVESTMENTS PTY LTD	250,000	0.63
KERGUELEN PTY LIMITED (WILLINGS RETIREMENT FUND A/C)	250,000	0.63
MR ALNIS ERNST VEDIG + MRS RASMA VEDIG (VEDIG SUPER FUND A/C)	250,000	0.63
JAXLUC PTY LTD (KRISTIE CHAPPLE FAMILY A/C)	180,000	0.45
HGT INVESTMENTS PTY LTD	150,000	0.38
BERNE NO 132 NOMINEES PTY LTD (323731 A/C)	140,000	0.35
	31,859,080	80.45

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares Number held	% of total shares issued
Mathew Edwards	13,545,100	34.20
Perpetual Limited	3,922,639	9.91
Commonwealth Bank of Australia	2,900,000	7.32
Riversdale Road Shareholding Company Pty Ltd (ATF Riversdale Road Shareholding Trust)	2,504,400	6.32

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Securities subject to voluntary escrow

Class	Expiry date	Number of shares
Ordinary shares	24 October 2016	17,600,000

Think Childcare and Education Limited

ABN 81 600 793 388

Notice of 2015 Annual General Meeting

and

Explanatory Memorandum

The Annual General Meeting is to be held
on Wednesday 13 May 2015 at 11.00 a.m.
at the offices of Minter Ellison, Level 23, 525 Collins Street, Melbourne, Victoria, Australia

Important Notice

Shareholders who opted in writing to receive a printed Annual Report will have received it.
All shareholders can view the Annual Report either by visiting the Company's website at:
www.thinkchildcareeducation.com

OR

by visiting the Company's webpage on the ASX website under the ASX Security Code "TNK"

THIS IS AN IMPORTANT DOCUMENT
If you are in doubt as to the action you should take, please consult with your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately

Think Childcare and Education Limited

ABN 81 600 793 388

Notice of Annual General Meeting

Notice is given that the 2015 Annual General Meeting ("AGM") of Think Childcare and Education Limited (**Company**) will be held on:

Date : Wednesday, 13 May 2015
Time : 11.00 a.m.
Venue : The offices of Minter Ellison
Level 23, 525 Collins Street
Melbourne, Victoria, Australia

ORDINARY BUSINESS

1 Financial Statements and Reports

To receive and consider the Consolidated Financial Report and the Reports of the Directors and of the Auditor for the financial period ended 31 December 2014 which are contained in the 2015 Annual Report.

2 Election of Directors

2 (a) Resolution no. 1 - To consider and, if thought fit, pass the following resolution:

Mark G Kerr

"That Mr Mark G Kerr, a Director retiring by rotation in accordance with Clause 59.2 of the Constitution of the Company and the Listing Rules of ASX Limited, being eligible and having offered himself for re-appointment, be re-appointed as a Director of the Company".

2 (b) Resolution no. 2 -To consider and, if thought fit, pass the following resolution:

Andrew Hanson

"That Mr Andrew Hanson, a Director appointed during the financial period and retiring in accordance with Clause 58.2 of the Constitution of the Company and the Listing Rules of ASX Limited, being eligible and having offered himself for re-appointment, be elected as a Director of the Company".

3 Adoption of Remuneration Report

Resolution no. 3 - To consider and, if thought fit, pass the following resolution

"That the Remuneration Report for the financial period ended 31 December 2014 as disclosed in the Directors' Report be adopted".

Note – the vote on this resolution is advisory only and does not bind the Directors or the Company.

4 Appointment of Auditor

Resolution no. 4 - To consider and, if thought fit, pass the following resolution

"That, for the purposes of section 327B of the Corporations Act 2001 (Cth) and for all other purposes the Chartered Accounting firm of Bentleys NSW Audit Pty Ltd (ACN 141 611 896) be appointed as Auditor of the Company".

Note – a copy of the notice of nomination of Bentleys NSW Audit Pty Ltd as auditor is provided to shareholders with this Notice (in the Explanatory Notes relating to Resolution no 4). Bentley's NSW Audit Pty Ltd has consented to act as auditor.

SPECIAL BUSINESS

5 Change of Company Name

Resolution no. 5 - To consider and, if thought fit, pass the following resolution as a special resolution

"That, for the purposes of section 157 of the Corporations Act 2001 (Cth) and for all other purposes, the Company change its name from Think Childcare and Education Limited by adopting the new name Think Childcare Limited".

Dated: 2nd April 2015

BY ORDER OF THE BOARD

Paul Gwilym
Executive Director, CFO & Company Secretary

NOTES:

1 Proxies

A member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies. If two proxies are appointed, each proxy may be appointed to represent a specific proportion or number of the member's voting rights. If no proportions are specified, each proxy may exercise half the available votes. Fractions of votes are to be disregarded. A proxy need not be a member of the Company. A proxy may be an individual or a body corporate.

If members wish to appoint one proxy, please use the form provided. If you want to appoint two proxies please follow the instructions set out on the reverse side of the proxy form.
To be effective, a proxy form and an original or certified copy of the authority (if any) under which it is signed may be lodged with the Company's Share Registrar as follows:

> **By hand or by post** at the Share Registry with Computershare Investor Services Pty Limited
> 452 Johnston Street, Abbotsford, Vic 3067, Australia or by post- GPO Box 242, Melbourne, Vic, 3001, Australia; or
>
> **By Facsimile**: within Australia 1800 783 447 OR outside Australia + 61 3 9473 2555; or
>
> **Online:** for Intermediary Online Subscribers only (custodians) www.intermediaryonline.com;
>
> **Enquiries** – call: within Australia 1300 850 505 OR outside Australia + 61 3 9415 4000

All proxy forms must arrive (in either case) no later than 11.00 a.m. (Melbourne time) on Monday 11 May 2015.

2 Corporate Shareholders, Proxies and Attorneys

A body corporate which is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act.

Corporate shareholders and proxies wishing to appoint a representative to attend and vote at the meeting on their behalf must provide the representative with:

(a) a properly executed letter or certificate authorising the person to act as the corporate shareholder's or proxy's representative; or

(b) a copy of the resolution of the corporate shareholder or proxy appointing the representative, certified by a secretary or director of the shareholder or proxy.

The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to the Company.

A shareholder may appoint an attorney to vote on his/her behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by Computershare at the address listed above for the receipt of proxy appointments by no later than 11.00am (Melbourne time) on Monday 11 May 2015.

3 Explanatory Statement

An explanation of each resolution is included in the accompanying Explanatory Statement. The Explanatory Statement forms part of the notice of meeting.

4 Voting Entitlements

The Board of Directors of the Company, pursuant to Section 1074E(2)(g) of the *Corporations Act 2001,* Regulation 7.11.37 of the *Corporations Regulations 2001* and ASX Settlement Operating Rule 5.6.1, and as the convenor of the meeting, has determined that the shareholding of each member for the purpose of ascertaining voting entitlements for the Annual General Meeting will be as it appears on the Register of Members at 7.00 p.m. (Melbourne time) on 11 May 2015.

On a show of hands, every person present and qualified to vote will have one vote. If members appoint one proxy then that proxy may vote on a show of hands. However, if members appoint two proxies, neither may vote on a show of hands.

If members appoint a proxy who is also a shareholder or also a proxy for another shareholder, your directions may not be effective on a show of hands. However, upon a poll and upon your proxy voting on the poll then your voting direction will be fully counted. Should a poll be taken then the Company's external Auditor, Bentleys NSW Audit Pty Ltd, will act as scrutineer.

5 Voting Exclusion and Restriction Statements

There are no voting exclusions in relation to Resolutions 1, 2, 4 or 5.

Voting exclusions apply in relation to voting on the Resolution no 3 (Remuneration Report).

6 Voting exclusions in relation to voting on the Remuneration Report (resolution no. 3).

The Company will disregard all votes cast on the resolution to adopt the Remuneration Report (resolution no. 3) by or on behalf of;

(a) a member of the Company's key management personnel, details of whose remuneration are included in the Remuneration Report (**KMP**); and

(b) a closely related party of a KMP,,
whether the votes are cast as a shareholder, proxy or in any other capacity

However, the Company will not disregard a vote cast on the resolution by a KMP or a closely related party of a KMP if:

(a) the vote is cast as a proxy;

(b) the proxy:

- (i) is appointed by writing that specifies how the proxy is to vote on the resolution; or

- (ii) is the chair of the meeting and the appointment of the chair as proxy:

  - (A) does not specify the way the proxy is to vote on the resolution; and

  - (B) expressly authorises the chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company; and

(c) the vote is not cast on behalf of a KMP or a closely related party of a KMP.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly. Members of key management personnel include directors (both executive and non-executive) and certain senior executives.

A closely related party of a member of key management personnel is defined as:

(a) a company the member controls;

(b) the member's spouse, child or dependant or a child or dependant of the member's spouse; or

(c) anyone else who is one of the member's family and may be expected to influence, or be influenced by, the member in the member's dealings with the Company.

You may be liable for breach of the voting restrictions in the Corporations Act if you cast a vote that the Company must disregard.

The proxy form accompanying this Notice contains detailed instructions regarding how to complete the proxy form if a shareholder wishes to appoint the Chairman as their proxy and to authorise the Chairman to vote on the resolution to adopt the Remuneration Report. You should read those instructions carefully.

7 Undirected Proxies

The chairman of the Company will chair the meeting.

If the appointment of the proxy specifies the way the proxy is to vote on the resolution the Chairman will vote in accordance with that direction. If the appointment of the proxy does not specify the way the proxy is to vote, subject to the instructions in this document and any applicable voting restrictions, the Chairman will vote **in favour** of each resolution.

The Company recommends that shareholders who submit proxies should consider giving 'how to vote' directions to their proxyholder on each resolution.

8 Voting – General Comment

Each resolution will be moved, and then will be open to the meeting for discussion.

Following the completion of discussion the Chairman will inform the meeting of the details of the valid proxy voting received by the Company. The resolutions will then be put to the vote.

9 Questions and Comments by members and proxyholders at the meeting

A reasonable opportunity will be given to members and proxyholders to ask questions about or make comments on the management of the Company at the meeting.

Similarly, a reasonable opportunity will be given to shareholders and proxyholders to ask the Company's external Auditor, Bentleys, questions relevant to:

(a) the conduct of the audit;

(b) the preparation and content of the Auditors' Report;

(c) the accounting policies adopted by the Company in relation to the preparation of its financial statements; and

(d) the independence of the Auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to Bentleys NSW Audit Pty Ltd ("Bentleys") via the Company, no later than 5 business days before the meeting, if the question is relevant to the content of Bentleys Audit Report or the conduct of its audit of the Company's Financial Report for the financial period ended 31 December 2014.

Relevant written questions for Bentleys must be received no later than 5.00 p.m. (Melbourne time) on Wednesday, 6 May 2015. A list of those relevant written questions will be made available to shareholders attending the meeting. Bentleys will either answer the questions at the meeting or table written answers to them at the AGM. If written answers are tabled at the meeting, they will be made available to shareholders as soon as practicable after the meeting.

Please send any written questions for Bentleys to the Company at the address on the proxy form of:

Think Childcare and Education Limited
Suite 3, 1 Park Avenue, Drummoyne NSW 2047

or by facsimile (+61 2) 9712 7555

or by email to paulg@thinkchildcare.com.au

by no later than 5.00 p.m. (Melbourne time) on Wednesday 6 May 2015.

Explanatory Statement

This Explanatory Statement accompanies and forms part of the Notice of Annual General Meeting dated 2nd April 2015

ORDINARY BUSINESS

Item 1 - Receive and Consider the Financial and Other Reports

The *Corporations Act 2001* (Cth) requires the Financial Report, Director' Report and Auditors Report to be laid before the Meeting. However, there is no requirement for the shareholders to vote on, approve or adopt these Reports. Shareholders will be given an opportunity to ask questions with respect to these reports.

Shareholders have been provided with all relevant information concerning the Company's financial statements in the Annual Report of the Company for the year ended 31 December 2014. A copy of the 2015Annual Report has been forwarded or made available to each Shareholder. A copy of the financial statements and the associated reports will also be tabled at the Meeting.

Shareholders should note that the sole purpose of tabling the financial statements of the Company at the Annual General Meeting is to provide the shareholders with the opportunity to be able to ask questions or discuss matters arising from the financial statements at the Meeting. It is not the purpose of the meeting that the financial statements be accepted, rejected or modified in any way. Further, as it is not required by the Corporations Act, no resolution to adopt the Company's financial statements will be put to the shareholders at the meeting.

Shareholders will be allowed a reasonable opportunity to ask questions about, or make comments on, the management of the Company.

It is proposed that the Company's auditors will be present at the meeting. Shareholders present at the meeting will be allowed a reasonable opportunity to ask the auditors questions relevant to:

- the conduct of the audit:
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditors in relation to the conduct of the audit.

Item 2(a) - Election of Directors (Resolution no. 1 – election of Mr Mark Kerr)

Details of the Directors seeking election and all other Directors are contained in the 2014 Annual Report.

Election of Mr Mark Gregory Kerr as a Director

Information about Mr Kerr

Mr Kerr – LLB
Chairman and Non-Executive Director – Appointed 21 July 2014

Mark Kerr is the Chairman of Think Childcare and Education. Mark is an experienced director whose other current roles include Non-Executive Chairman of ASX-listed Contango Microcap Limited (December 2009 to present); Non-Executive Director of Contango Income Generator Limited (2012 to present); Non-Executive Chairman of ASX-listed Hawthorn Resources Limited (22 November 2007 to present) and Non-Executive Director of Alice Queen Pty Ltd (2012 to present).

Mark is a director of Berkeley Consultants Pty Ltd which specialises in public relations and reputation management consultancy. He is also a director and adviser to various private companies. Mark's community involvement currently extends to being a member of the Victorian Committee for the Juvenile Diabetes Research Foundation (JDRF). He is also a committee member of the St Vincent's Institute Charity Golf Day Committee.

Although Mark was only appointed as a Director on 21 July 2014, and has therefore held office for less than one year (and less than the period specified in Rule 59.4 of the Company's Constitution as the maximum period that a Director may hold office before seeking re-appointment), Listing Rule 14.5 requires the Company to hold an election of Directors each year. Mark is retiring and offering himself for re-election as a Director.

Directors' Recommendations

The Directors (Mr Kerr abstaining) unanimously recommend that members vote in favour of the re-election of Mr Kerr.

Item 2(b) - Election of Directors (Resolution no. 2 – election of Mr Andrew Hanson)

Election of Mr Andrew Hanson as a Director

Information about Mr Hanson

Mr Hanson – B.Ec (Hons), FCA, GAICD
Non-Executive Director – appointed by the Board of Directors 16 September 2014

Andrew Hanson is a chartered accountant and retired from PricewaterhouseCoopers in 2011 after over 27 years' service, including 16 as a Partner. As a former audit and transaction services Partner, Andrew brings deep accounting, commercial and corporate governance experience to the Board.

Since then he has been a director or advisory board member of various private companies, including the Chairman of Guest Group and Prestige Inhome Care Pty Ltd and remains an independent adviser to the board of Beacon Lighting Group Ltd and a member of their audit and remuneration and nomination committees.

Andrew was appointed as a Director by the Board on 16 September 2014, shortly before the Company's listing on ASX in October 2014. In accordance with Rule 58.2 of the Company's Constitution, Andrew retires and offers himself for re-election.

Directors' Recommendations

The Directors (Mr Hanson abstaining) unanimously recommend that members vote in favour of the re-election of Mr Hanson.

Item 3 - Adoption of the Remuneration Report (Resolution no.3)

The Company must put to a vote a resolution to adopt the Remuneration Report as disclosed in the Directors' Report. A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Directors' Report must include a Remuneration Report containing prescribed information about the Board's policy for determining the nature and amount of the remuneration of Directors and other key management personnel. The Remuneration Report must also explain the relationship between the remuneration policy of the Board and the Company's performance. The Remuneration Report of the Company for the financial period ended 31 December 2014 is set out in pages 6 to 11 of the Directors' Report as incorporated in to the Company's 2014 Annual Report.

The vote on this resolution is advisory only and non-binding. However, if at least 25% of the votes cast on the resolution are voted against the Remuneration Report at the meeting, then:

(a) if comments are made on the report at the meeting, the Company's Remuneration Report for the following financial year will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and

(b) if at the following year's annual general meeting, at least 25% of the votes cast on the resolution for the adoption of the Remuneration Report for that year are against adoption, the Company will be required to put to shareholders a resolution proposing that a general meeting be called to consider the election of directors of the Company (**Spill Resolution**). If a Spill Resolution is passed, all of the directors (other than the managing director, if any) will cease to hold office at a subsequent general meeting **(Spill Meeting)**, unless re-elected at that meeting; such meeting to be held within 90 days of the Annual General Meeting (AGM) that passed the Spill Resolution.

If at the Spill Meeting, the resolutions are all passed against re-electing the relevant directors, the legislation includes a mechanism to ensure the Board continues with the statutory required minimum of 3 directors. After the managing director, the remaining two positions will be filled by the directors whose re-election resolutions at the Spill Meeting received the highest percentage of votes in favour of re-election. If the number of votes is the same for two directors, the Managing Director and any other director whose re-election has been confirmed at the Spill Meeting, can choose who is to become the third director, with such appointment to be confirmed by shareholders at the AGM following the Spill Meeting.

The resolution gives the members the opportunity to ask questions or make comments concerning the Remuneration Report during the meeting. As noted above the Remuneration Report is set out in the Company's 2014 Annual Report at pages 6 to 11.

The report:

- explains the Board's policies in relation to the nature and level of remuneration paid to directors and key management personnel within the Think Childcare and Education Limited group;
-
- discusses the link between the Board's policies and the Company's performance;
- sets out remuneration details for each director and for each of the Company's key management personnel; and
- makes clear that the basis for remunerating non-executive directors is distinct from the basis for remunerating executives, including executive directors;

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

Directors' Recommendation

Remuneration Report
The Directors unanimously recommend that shareholders vote in favour of Resolution no. 3. The Chairman has informed the Board that he intends to vote any open and available proxies given to him in favour of Resolution No. 3.

Item 4 – Appointment of Auditor (Resolution no.4)

Following the incorporation of the Company in July 2014 as a public company limited by shares and in compliance with the *Corporation Act 2001* the Board of Directors appointed Bentleys NSW Audit Pty Ltd as Auditor of the Company up to and including the end of the 2015 Annual General Meeting of shareholders, at which shareholder approval for the appointment of Bentleys NSW Audit Pty Ltd as the Auditor of the Company is sought.

As required under the *Corporations Act 2001* Bentleys NSW Audit Pty Ltd has been nominated for Appointment as Auditor of the Company by a shareholder of the Company and has, in writing, consented to act in that capacity subject to the approval of shareholders. A copy of the letter of nomination is reproduced as follows:

Level 2, 90 William Street
Melbourne, Vic, 3000

24 March 2015

The Board of Directors
Think Childcare and Education Limited
Suite 3, 1 Park Avenue
Drummoyne, NSW 2047

Gentlemen

Nomination of Auditor

We, Paradyce Pty Ltd, being a registered shareholder of Think Childcare and Education Limited ("the Company") hereby nominate the Sydney Chartered Accounting firm of:

Bentleys NSW Audit Pty Ltd
Level 10, 10 Spring Street
Sydney, NSW 2000

for consideration for appointment as the Auditor of the Company by shareholders at the Annual General Meeting of the Company to be held on13 May 2015.

Yours faithfully
Paradyce Pty Ltd

Mark Kerr

Mark Kerr
Director

Directors' Recommendation

Appointment of Auditor

The Directors unanimously recommend that shareholders vote in favour of Resolution no.4 to approve the appointment of Bentleys NSW Audit Pty Ltd as the Company's Auditor.

The Chairman intends to vote any open and available proxies given to him in favour of Resolution No. 4.

Item 5 – Approval for Change of Name (Resolution no.5) – Special Resolution

The Company wishes to change its name from its current name "Think Childcare and Education Limited" and adopt the new name "Think Childcare Limited".

The current name reflects the Company's goal of providing quality long day care for children and the objective that the Company's professional staff act as educators of the children who are enrolled at the Company's centres. However, following the Company's initial period as a listed company the Directors consider that it is in the best interests of the Company to change the name, and the associated branding of the Company, to:

- emphasise the Company's objective of providing quality long day care services within the framework of the National Quality Standard and to avoid any confusion in the market place as to the strategic business interests of the Company; and

- avoid potential confusion of the Company's name, brand and business with the name of another, unrelated, business that uses the name "Think Education".

If shareholders approve Resolution no 5 the Company will immediately apply to ASIC to change the details of the Company's registration. Provided that the proposed name "Think Childcare" is available, ASIC must change the Company's name by altering the details of the Company's registration. "Think Childcare" is currently the name of a subsidiary of the Company: the directors of that company intend to propose that it change its name, if Resolution 5 is approved by shareholders of the Company, to allow the Company to use the name "Think Childcare". The Company is the sole shareholder of Think Childcare Pty Ltd.

A resolution to change the name of the Company under section 157 of the Corporations Act must be passed as a special resolution, by 75% of votes cast on the Resolution being cast in favour of the Resolution.

Directors' Recommendation

Change of Name

The Directors unanimously recommend that shareholders vote in favour of Resolution no.5 to approve the change of Company name.

The Chairman intends to vote any open and available proxies given to him in favour of Resolution No. 5.

Think Childcare and Education Limited
ABN 81 600 793 388

Lodge your vote:

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

⊢ 000001 000 TNK
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

For your vote to be effective it must be received by 11.00 a.m. (AEST) Monday, 11 May 2015

How to Vote on Items of Business
All your securities will be voted in accordance with your directions.

Appointment of Proxy
Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions
Individual: Where the holding is in one name, the securityholder must sign.
Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting
Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate “Certificate of Appointment of Corporate Representative” prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔

View your securityholder information, 24 hours a day, 7 days a week:
www.investorcentre.com

☑ **Review your securityholding**
☑ **Update your securityholding**

Your secure access information is:

SRN/HIN: I9999999999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

I 9999999999 I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Think Childcare and Education Limited hereby appoint

☐ **the Chairman of the Meeting** **OR** ______________________

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Think Childcare and Education Limited to be held at the offices of Minter Ellison, Level 23, 525 Collins Street, Melbourne, Victoria, Australia on Wednesday, 13 May 2015 at 11.00 a.m. (AEST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 3 (except where I/we have indicated a different voting intention below) even though Resolution 3 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 3 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Re-election of Director - Mark G Kerr	☐	☐	☐
Resolution 2	Election of Director - Andrew Hanson	☐	☐	☐
Resolution 3	Adoption of Remuneration Report	☐	☐	☐
Resolution 4	Appointment of Auditor	☐	☐	☐
Resolution 5	Change of Company Name	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ______________________ **Contact Daytime Telephone** ______________________ **Date** ____ / ____ / ____