

Date: 25 August 2015

Think Childcare Limited re-affirms full year prospectus forecast

TNK management remain confident of achieving the full year (calendar 2015) prospectus forecast of \$6.8m EBITDA and \$4.3m NPAT and expect dividends per share to be consistent with the prospectus guidance of up to 7.1c to be paid post the calendar 2015 final results.

Think Childcare Limited half yearly result

Revenue from ordinary activities was \$20.3m delivering EBITDA of \$1.9m and NPAT of \$1.1m.

On the 18 June 2015 TNK announced to the market that the half year EBITDA would be approximately \$1.4m. The additional \$0.5m EBITDA now reported is partially a result of the period end accrual for Government funds receivable.

The rationale for TNK's half year EBITDA being below prospectus forecast was set out in the announcement of 18 June 2015 but we continue to expect to make up the shortfall against the prospectus in the 2nd half of the year, which is a seasonally stronger trading period.

Centre acquisitions

On the 18 June 2015 TNK announced that it contracted the purchase of two child care centres and reached essential terms on a further two centres. Progress is being made in advancing all of these acquisitions and the market will be informed as the two centres are settled and the other two centres are contracted.

Looking forward

TNK management has successfully integrated our initial portfolio, continues to invest into our Centre improvement plan, and has decreased the wage cost per child per day and increased utilisation.

With our focus of building a strong and scalable business, we are further investing in our technology platform for the benefit of our children in care, their families and our Educators.

The happiness of our team is the core of our success and through empowerment, education and having fun along the journey we are ensuring that we build a robust business to stand the test of time.



Mathew Edwards

Managing Director and Chief Executive Officer



Think Childcare Limited

ABN 81-600-793-388

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(PO Box 465, Drummoyne NSW 1470)

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1. Company details

Name of entity: Think Childcare Limited
ABN: 81 600 793 388
Reporting period: For the half-year ended 30 June 2015

2. Results for announcement to the market

	\$'000
Revenues from ordinary activities	20,437
Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA')	1,931
Profit from ordinary activities after tax attributable to the owners of Think Childcare Limited	1,107
Profit for the half-year attributable to the owners of Think Childcare Limited	1,107

Dividends

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

Comments

Earnings before interest expense, taxation, depreciation and amortisation ('EBITDA') for the consolidated entity is as follows:

	30/06/2015 \$'000
Sales revenue	19,527
Profit before income tax	1,581
Add: Depreciation and amortisation	159
Add: Finance cost	199
Less: Interest income	(8)
EBITDA	<u>1,931</u>

For further details refer to commentary in the attached Directors' report and ASX announcement accompanying this report.

3. Net tangible assets

	Reporting period Cents
Net tangible assets per ordinary security	<u>(8.17)</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

7. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The consolidated entity has an optional Dividend Reinvestment Plan, pursuant to which new shares may be issued at a discount of up to 5% of the volume weighted average market price.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

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

11. Attachments

Details of attachments (if any):

The Interim Report of Think Childcare Limited for the half-year ended 30 June 2015 is attached.

12. Signed



Signed _____

Date: 25 August 2015

Mark Kerr
Chairman
Melbourne

Think Childcare Limited

(Formerly known as Think Childcare and Education Limited)

ABN 81 600 793 388

Interim Report - 30 June 2015

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Think Childcare Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2015.

Directors

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

Mark Kerr - Chairman
 Mathew Edwards
 Paul Gwilym
 Andrew Hanson

Principal activities

During the financial half-year the principal continuing activity of the consolidated entity consisted of operating childcare centres.

Review of operations

In the nine months since listing, the consolidated entity has significant increased occupancy (from a low of 67% in January 2015 to 81% as of 21 August 2015), whilst controlling costs and thereby increasing both revenue and earnings before interest expense, taxation, depreciation and amortisation ('EBITDA') at the centre level.

In accordance with the prospectus, management have focussed on integrating the consolidated entity's initial portfolio of centres (essentially the staff of those centres) and the directors have been absolutely delighted with the energy and enthusiasm across the organisation in embracing the Think culture and its 'Core Values'. It is from the Core Values that the consolidated entity creates a solid foundation that generates the intellectual capacity to foster growth and the ability to accelerate its acquisition path without diluting the performance of the consolidated entity.

The directors will continue to invest capital in the 'Centre Improvement Plan' to grow centre performance and into the architecture of the operational platform to provide scalability and improved information and communications to stakeholders.

EBITDA for the consolidated entity is as follows:

	Consolidated 30/06/2015 \$'000
Sales revenue	19,527
Profit before income tax	1,581
Add: Depreciation and amortisation	159
Add: Finance cost	199
Less: Interest income	<u>(8)</u>
EBITDA	<u><u>1,931</u></u>

Significant changes in the state of affairs

On 26 June 2015, the company's name was changed to "Think Childcare Limited" (ASX: TNK). The website is now thinkchildcare.com.au.

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

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 follows this Directors' report.

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

On behalf of the directors

A handwritten signature in black ink that reads "Mark Kerr".

Mark Kerr
Chairman

25 August 2015
Melbourne

To the Board of Directors

Auditor's independence declaration under section 307c of the Corporations Act 2001

As lead audit director for the review of the financial statements of Think Childcare Ltd for the half year ended 30 June 2015 I declare that to the best of my knowledge and belief, there have been no contravention of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



ROBERT EVETT
Director
Sydney



BENTLEYS NSW AUDIT PTY LTD
Chartered Accountants

Dated on this 25th day of August 2015 at Sydney.

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General information

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

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

Suite 3, 1 Park Avenue
Drummoyne NSW 2047

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2015.

Think Childcare Limited
 (Formerly known as Think Childcare and Education Limited)
 Statement of profit or loss and other comprehensive income
 For the half-year ended 30 June 2015



	Note	Consolidated 30/06/2015 \$'000
Revenue	3	20,437
Expenses		
Employee expenses		(13,807)
Occupancy expenses		(2,617)
Direct expenses of providing services		(910)
Marketing expenses		(304)
Acquisition related expenses		(74)
Other expenses		(786)
Depreciation and amortisation expense	4	(159)
Finance costs		(199)
Profit before income tax expense		1,581
Income tax expense		(474)
Profit after income tax expense for the half-year attributable to the owners of Think Childcare Limited		1,107
Other comprehensive income for the half-year, net of tax		-
Total comprehensive income for the half-year attributable to the owners of Think Childcare Limited		<u>1,107</u>
		Cents
Basic earnings per share	11	2.80
Diluted earnings per share	11	2.80

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

Think Childcare Limited
(Formerly known as Think Childcare and Education Limited)
Statement of financial position
As at 30 June 2015



		Consolidated	
	Note	30/06/2015 \$'000	31/12/2014 \$'000
Assets			
Current assets			
Cash and cash equivalents		721	4,357
Trade and other receivables		2,084	2,910
Other		70	406
Total current assets		<u>2,875</u>	<u>7,673</u>
Non-current assets			
Property, plant and equipment	4	1,542	1,273
Goodwill		17,425	17,425
Deferred tax		1,862	1,927
Other	5	2,466	871
Total non-current assets		<u>23,295</u>	<u>21,496</u>
Total assets		<u>26,170</u>	<u>29,169</u>
Liabilities			
Current liabilities			
Trade and other payables	6	2,477	8,729
Income tax		409	-
Employee benefits		1,696	1,575
Total current liabilities		<u>4,582</u>	<u>10,304</u>
Non-current liabilities			
Borrowings	7	6,589	5,000
Employee benefits		809	782
Total non-current liabilities		<u>7,398</u>	<u>5,782</u>
Total liabilities		<u>11,980</u>	<u>16,086</u>
Net assets		<u>14,190</u>	<u>13,083</u>
Equity			
Issued capital		37,664	37,664
Reserves		(18,569)	(18,569)
Accumulated losses		(4,905)	(6,012)
Total equity		<u>14,190</u>	<u>13,083</u>

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

Think Childcare Limited
 (Formerly known as Think Childcare and Education Limited)
 Statement of changes in equity
 For the half-year ended 30 June 2015



Consolidated	Issued capital \$'000	Common control reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2015	37,664	(18,569)	(6,012)	13,083
Profit after income tax expense for the half-year	-	-	1,107	1,107
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	1,107	1,107
Balance at 30 June 2015	<u>37,664</u>	<u>(18,569)</u>	<u>(4,905)</u>	<u>14,190</u>

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

Think Childcare Limited
 (Formerly known as Think Childcare and Education Limited)
 Statement of cash flows
 For the half-year ended 30 June 2015



	Consolidated 30/06/2015 \$'000
Cash flows from operating activities	
Cash receipts from parents and government funding	22,223
Payments to suppliers and employees	<u>(19,989)</u>
	2,234
Interest received	8
Interest and other finance costs paid	<u>(199)</u>
	2,043
Net cash from operating activities	<u>2,043</u>
Cash flows from investing activities	
Payments for property, plant and equipment	4 <u>(428)</u>
Net cash used in investing activities	<u>(428)</u>
Cash flows from financing activities	
Payment of deferred consideration	(3,030)
Accrued IPO costs paid	<u>(2,221)</u>
Net cash used in financing activities	<u>(5,251)</u>
Net decrease in cash and cash equivalents	(3,636)
Cash and cash equivalents at the beginning of the financial half-year	<u>4,357</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>721</u></u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2015 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2014 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

Comparative information

The company was incorporated on 21 July 2014 and commenced trading from 22 October 2014 when the first tranche of childcare centres were acquired. Therefore there are no comparative figures for the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended 30 June 2014.

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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity during the financial half-year ended 30 June 2015 and are not expected to have any significant impact for the full financial year ending 31 December 2015.

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

Note 2. Operating segments

Identification of reportable operating segments

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

The consolidated entity operates in one geographical region being Australia.

Note 3. Revenue

	Consolidated 30/06/2015 \$'000
<i>Sales revenue</i>	
Provision of childcare services	19,527
<i>Other revenue</i>	
Management fees	530
Interest	8
Other revenue	372
	<u>910</u>
Revenue	<u><u>20,437</u></u>

Note 4. Non-current assets - property, plant and equipment

	Consolidated	
	30/06/2015	31/12/2014
	\$'000	\$'000
Leasehold improvements - at cost	376	-
Less: Accumulated depreciation	(31)	-
	<u>345</u>	<u>-</u>
Plant and equipment - at cost	1,340	1,302
Less: Accumulated depreciation	(182)	(56)
	<u>1,158</u>	<u>1,246</u>
Computer equipment - at cost	46	32
Less: Accumulated depreciation	(7)	(5)
	<u>39</u>	<u>27</u>
	<u><u>1,542</u></u>	<u><u>1,273</u></u>

Reconciliations

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

Consolidated	Leasehold improvements \$'000	Plant and equipment \$'000	Computer equipment \$'000	Total \$'000
Balance at 1 January 2015	-	1,246	27	1,273
Additions	376	38	14	428
Depreciation expense	(31)	(126)	(2)	(159)
	<u>345</u>	<u>1,158</u>	<u>39</u>	<u>1,542</u>

Note 5. Non-current assets - Other

	Consolidated	
	30/06/2015	31/12/2014
	\$'000	\$'000
Security deposits	<u>2,466</u>	<u>871</u>

During the financial half-year, the consolidated entity put into place bank guarantees on its rental property portfolio, using a draw-down on its bank facilities, refer to note 7.

Note 6. Current liabilities - trade and other payables

	Consolidated	
	30/06/2015	31/12/2014
	\$'000	\$'000
Trade payables	731	3,171
Fees received in advance	26	265
Deferred consideration	-	3,030
Other payables	1,720	2,263
	<u>2,477</u>	<u>8,729</u>

Note 7. Non-current liabilities - borrowings

	Consolidated	
	30/06/2015	31/12/2014
	\$'000	\$'000
Bank loans	5,000	5,000
Rental bond facility	1,589	-
	6,589	5,000
	6,589	5,000

Total secured liabilities

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

	Consolidated	
	30/06/2015	31/12/2014
	\$'000	\$'000
Bank loans	5,000	5,000
Rental bond facility	1,589	-
	6,589	5,000
	6,589	5,000

Financing arrangements

	Consolidated	
	30/06/2015	31/12/2014
	\$'000	\$'000
Total facilities		
Bank overdraft	2,000	2,000
Bank loans	25,000	25,000
Rental bond facility	2,000	2,000
	29,000	29,000
Used at the reporting date		
Bank overdraft	-	-
Bank loans	5,000	5,000
Rental bond facility	1,589	-
	6,589	5,000
Unused at the reporting date		
Bank overdraft	2,000	2,000
Bank loans	20,000	20,000
Rental bond facility	411	2,000
	22,411	24,000
	22,411	24,000

The unused portion of the bank loans facility of \$20,000,000, is renewable on 16 December 2017. Subject to satisfaction of certain conditions, that needs to be met prior to draw-down, \$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 8. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 9. Contingent liabilities

The consolidated entity does not have contingent liabilities as at 30 June 2015 and 31 December 2014.

Note 10. Events after the reporting period

No matter or circumstance has arisen since 30 June 2015 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 11. Earnings per share

	Consolidated 30/06/2015 \$'000
Profit after income tax attributable to the owners of Think Childcare Limited	<u>1,107</u>
	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>39,600,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>39,600,000</u>
	Cents
Basic earnings per share	2.80
Diluted earnings per share	2.80

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

A handwritten signature in black ink that reads "Mark Kerr".

Mark Kerr
Chairman

25 August 2015
Melbourne

Independent auditor's review report to the members of Think Childcare Limited and Controlled Entities

Report on the half-year financial report

We have reviewed the accompanying half year financial report of Think Childcare Limited (the company) and its Controlled Entities ("the Consolidated Entity") which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, selected explanatory notes and the directors' declaration for the Consolidated Entity, comprising both the company and the entities it controlled during that half year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



ROBERT EVETT
Director
Sydney



BENTLEYS NSW AUDIT PTY LTD
Chartered Accountants

Dated on this 25th day of August 2015 at Sydney.