Think Childcare Limited
(Formerly known as Think Childcare and Education Limited)
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Think Childcare Limited
ABN:	81 600 793 388
Reporting period:	For the year ended 31 December 2015
Previous period:	For the period ended 31 December 2014

2. Results for announcement to the market

	$'000
Revenues from ordinary activities	46,512
Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA')	7,392
Profit from ordinary activities after tax attributable to the owners of Think Childcare Limited	4,809
Profit for the year attributable to the owners of Think Childcare Limited	4,809

Dividends
There were no dividends paid during the current financial period.

On 19 February 2016, a final dividend for the year ended 31 December 2015 of 7.2 cents per ordinary share, 33% franked, was declared, with a record date of 21 March 2016. The dividend will be paid on 31 March 2016 and is estimated to be $2,851,000.

Comments
The profit for the consolidated entity after providing for income tax amounted to $4,809,000 (31 December 2014: loss of $6,041,000).

Underlying earnings before interest, taxation, depreciation and amortisation ('EBITDA') excluding formation and acquisition expenses and adjustments for newly acquired centres $7,394,000 (2014: $876,000). This is calculated as follows:

	Consolidated	
	Year ended 31 Dec 2015 $'000	Period ended 31 Dec 2014 $'000
Revenue	46,512	7,230
Profit/(loss) after income tax	4,809	(6,041)
Add: Income tax expense/(benefit)	1,845	(303)
Add: Depreciation and amortisation	328	50
Add: Finance cost	420	131
Less: Interest income	(10)	(9)
EBITDA	7,392	(6,172)
Add: Formation and acquisition expenses	326	7,048
Less: Adjustments for newly acquired centres in 2015 *	(324)	-
Underlying EBITDA	7,394	876

* Adjustment to remove the centre level EBITDA for the two acquired centres in 2015 and to add back the management fee foregone on these centres post acquisition.

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

As set out in the attached financial statements the prior year comparatives have been adjusted as a result of the finalisation of prior period business combinations.

For further details on the results refer to commentary in the attached Chairman's letter and ASX announcement accompanying this report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(7.37)	(11.50)

4. Control gained over entities

Refer to note 28 to the financial statements, 'Business Combinations', for details of entities over which control has been gained during the year.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid during the current financial period.

On 19 February 2016, a final dividend for the year ended 31 December 2015 of 7.2 cents per ordinary share, 33% franked, was declared, with a record date of 21 March 2016. The dividend will be paid on 31 March 2016 and is estimated to be $2,851,000.

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

7. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The consolidated entity has an optional Dividend Reinvestment Plan ('DRP'), pursuant to which new shares may be issued at a discount of up to 5% of the volume weighted average market price for the 20 days immediately preceding the 22 March 2016. The DRP will apply to the dividend declared on 19 February 2016.

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.

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10. Audit qualification or review

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

The financial statements have been audited and an unqualified opinion has been issued.

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11. Attachments

Details of attachments (if any):

The Annual Report of Think Childcare Limited for the year ended 31 December 2015 is attached.

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12. Signed

Mark Kerr

Signed ______________________________ Date: 19 February 2016

Mark Kerr
Chairman
Melbourne

Think Childcare Limited

(Formerly known as Think Childcare and Education Limited)

ABN 81 600 793 388

Annual Report - 31 December 2015

Contents

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 Limited are: At the offices of Minter Ellison Level 23, 525 Collins Street Melbourne, VIC 3000 At 10:30am on Friday, 6th of May 2016
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 Limited shares are listed on the Australian Securities Exchange (ASX code: TNK)
Website	thinkchildcare.com.au
Business objectives and cash use	Think Childcare 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 delivering Think Childcare Limited’s 2015 calendar year Annual Report.

We have exceeded the prospectus forecast, with NPAT being $4.81 million, up 11.1% on the Prospectus target of $4.33 million in our first full year of trading.

	Year ended 31 December 2015		
The Pieces of the Puzzle	**Prospectus Forecast $’000**	**Actual $’000**	**Results**
NPAT	$4,330	**$4,809**	11.1% up on forecast.
EBITDA	$6,801	**$7,392**	8.7% up on forecast.
Revenue	$43,417	**$46,512**	7.1% up on forecast.
Employee expenses	$26,727	**$28,936**	8.3% below forecast.
Employee expenses as a % of Revenue	61.6%	**62.2%**	98.9% of forecast.
Average occupancy	79.0%	**78.8%**	99.8% of forecast.
Acquisitions	Nil	**2**	

As a result of our current year performance, the Board is delighted to announce our maiden dividend of 7.2 cents per ordinary share, which will be franked to 33%, for those investors registered as holding shares in the Company as at 21 March 2016. The dividend distribution will be made on 31 March 2016.

The Board also recommends your consideration of the Dividend Reinvestment Plan (‘DRP’). We note that shareholders that elect to take shares instead of cash under the DRP, will receive their shares at a discount of 5% to the share price based on the weighted average share price over 22 days from 1 March 2016 to, and including, 22 March 2016.

Please go online at any time to register for the DRP via Computershare at www.computershare.com.au/easyupdate/TNK.

During the year ended 31 December 2015 we acquired two additional centres. These have traded strongly since acquisition. We will seek to make further accretive acquisitions in 2016, adding to shareholder value. Coupled with our expected organic growth, this will create a two pronged approach to drive profitability.

During 2016 we will invest further to strengthen our operational platform with additional head counts in Information Technology, Human Resources, Marketing and Acquisitions on top of Finance and Administration that we added at the back end of 2015. We will also invest a further $1.3 million into capital works to improve the centre experience.

As a company we acknowledge that our management methods are not a typical top down approach of the sector. However it works for us, and has delivered significant turnaround results for our centres which has helped us to establish a more robust operational platform that is truly driven by the many rather than a few.

From listing on 24 October 2014, the initial focus was to ask the Educators to take ownership of their environment. They were empowered to make critical operational decisions; decisions that are normally reserved for the owner or the Centre Director.

The vision of Think Childcare Limited (‘THINK’) is to “***change the world one Educator at a time***”, if we have happy Educators, we have happy children and happy families. This leads to a growing and prosperous business, that allows us to deliver better financial outcomes to our shareholders.

It has been a very rewarding year for THINK. Whilst building and enhancing our operational platform we have improved the lives of many of our Educators, positively impacted the lives of the children in our care and have assisted in setting them up for a better future. This has flowed into our operational results, which we hope will lead to a positive impact on our shareholders.

It delights us to have delivered on our commitments to our shareholders. We are excited about the opportunity to grow a robust sustainable business to enhance the lives of all our stakeholders. We welcome you all on the journey of Think Childcare Limited.

Yours faithfully

Mark Kerr	**Mathew Edwards**
Chairman	Managing Director and CEO

19 February 2016

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 year ended 31 December 2015.

Directors

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

Mark Kerr - Chairman
Mathew Edwards
Paul Gwilym
Andrew Hanson

Principal activities

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

Dividends

On 19 February 2016, a final dividend for the year ended 31 December 2015 of 7.2 cents per ordinary share, 33% franked, was declared, with a record date of 21 March 2016. The dividend will be paid on 31 March 2016 and is estimated to be $2,851,000.

Review of operations

The profit for the consolidated entity after providing for income tax amounted to $4,809,000 (31 December 2014: loss of $6,041,000).

For further details on the results refer to commentary in the attached Chairman's letter and ASX announcement accompanying this report.

Underlying earnings before interest, taxation, depreciation and amortisation ('EBITDA') excluding formation and acquisition expenses and adjustments for newly acquired centres for the consolidated entity was a profit of $7,394,000 (2014: $876,000). This is calculated as follows:

	Consolidated	
	Year ended 31 Dec 2015 $'000	Period ended 31 Dec 2014 $'000
Revenue	46,512	7,230
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Underlying EBITDA	7,394	876

* Adjustment to remove the centre level EBITDA for the two acquired centres in 2015 and to add back the management fee foregone on these centres post acquisition.

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

As set out in the attached financial statements the prior year comparatives have been adjusted as a result of the finalisation of prior period business combinations.

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 year.

Matters subsequent to the end of the financial year
Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 31 December 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.

Likely developments and expected results of operations
The consolidated entity is expected to continue to execute its business plan and strategy as outlined in its Initial Public Offering ('IPO') Prospectus dated 2 October 2014, 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
Title:	Chairman and Non-Executive Director
Qualifications:	LLB
Experience and expertise:	Mark is an experienced director and advisor to listed and private companies. He was a director of Baker Street Childcare Education Pty Ltd, which was acquired by the consolidated entity. Mark is 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 Contango Microcap Limited (ASX: CTN), non-executive director of Contango Income Generator Ltd (ASX: CIE), non-executive chairman of Hawthorn Resources Limited (ASX: HAW) and non-executive director of Alice Queen Ltd (ASX: AQX).
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
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 was 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:	CEO
Interests in shares:	13,545,100 ordinary shares (7,625,010 held directly and 5,920,090 held indirectly)

Name:	Paul Gwilym
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:	CFO
Interests in shares:	660,000 ordinary shares (all held indirectly)

Name:	Andrew Hanson
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 ('FGIA') and Chartered Institute of Secretaries ('FCIS'). Former professional associations being: Certified Practicing Accountant ('CPA'); British Institute of Management and Institute of Directors in Australia; and he was previously an Honorary Justice of the Peace in Victoria.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2015, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Mark Kerr	17	17	3	3
Mathew Edwards	17	17	-	-
Paul Gwilym	17	17	-	-
Andrew Hanson	17	17	3	3

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 of directors ('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 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 2016. 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 was set 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 exclusive of statutory superannuation. In addition, the Audit and Risk Committee chair receives on additional $20,000 annually, exclusive of statutory superannuation.

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 year. The Board may use the LTIP in future years as a LTI for KMP and other employees.

Consolidated entity performance and link to remuneration
Remuneration is not directly linked to the performance of the consolidated entity. Certain individuals may receive bonuses linked to their divisional performance which is ultimately at the discretion of the Board. Refer to section 'Details of remuneration' of the remuneration report for details.

Use of remuneration consultants
During the financial year ended to 31 December 2015, the consolidated entity engaged Guerdon Associates Pty Ltd to review its existing remuneration policies and provide an update on current or market practices.

The consolidated entity paid $1,200 for this consulting service. The consultant did not provide any other kind of advice to the consolidated entity. The Board is satisfied that the agreed protocols put in place to ensure that the remuneration recommendation when received will be free from undue influence from KMP.

Voting and comments made at the company's 2014 Annual General Meeting ('AGM')
At the 13 May 2015 AGM, less than 1% voted against the adoption of the remuneration report for the period ended 31 December 2014 (19% abstained). The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
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

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

Year ended 31 Dec 2015	Short-term benefits Cash salary and fees	 Cash Bonus	 Non-monetary	Post-employment benefits Super-annuation	Long-term benefits Employee benefits	Share-based payments Equity-settled	Total
	$	$	$	$	$	$	$
Non-Executive Directors:							
Mark Kerr - Chairman	80,000	-	-	7,600	-	-	87,600
Andrew Hanson	60,000	-	-	5,700	-	-	65,700
Executive Directors:							
Mathew Edwards	185,000	-	30,000	17,575	-	-	232,575
Paul Gwilym	165,000	-	30,000	15,675	-	-	210,675
Other KMP:							
Amanda Mawer	85,905	-	35,000	8,161	-	-	129,066
	575,905	-	95,000	54,711	-	-	725,616

Period ended 31 Dec 2014	Short-term benefits Cash salary and fees	 Bonus	 Non-monetary	Post-employment benefits Super-annuation	Long-term benefits Employee benefits	Share-based payments 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 KMP:							
Amanda Mawer	16,475	-	-	1,565	-	-	18,040
	115,414	320,000	-	11,017	-	-	446,431

Remuneration detailed above for 2014 is from commencement of operations on 22 October 2014 to 31 December 2014 and not an entire financial year.

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

Name	Fixed remuneration Year ended 31 Dec 2015	At risk - listing bonus Period ended 31 Dec 2014	At risk - STI Year ended 31 Dec 2015	At risk - STI Period ended 31 Dec 2014	At risk - LTI Year ended 31 Dec 2015	At risk - LTI Period ended 31 Dec 2014
Non-Executive Directors:						
Mark Kerr	100%	100%	-	-	-	-
Andrew Hanson	100%	100%	-	-	-	-
Executive Directors:						
Mathew Edwards	100%	25%	-	75%	-	-
Paul Gwilym	100%	15%	-	85%	-	-
Other KMP:						
Amanda Mawer	100%	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 a vehicle allowance. The consolidated entity may terminate his 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 a vehicle allowance. The consolidated entity may terminate his 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
Term of agreement:	Ongoing contract
Details:	Amanda receives a total fixed remuneration of $85,905 per annum, plus statutory superannuation entitlements and a car benefit of $35,000. The consolidated entity may terminate her employment agreement by giving four weeks' 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 Amanda's employment without notice or payment in lieu of notice. 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 year ended 31 December 2015 and up to the date of this report.

There were no options over ordinary shares granted or issued to or vested by directors and other KMP as part of compensation that were outstanding, during or since the year ended 31 December 2015 and up to the date of this report.

Additional disclosures relating to KMP
In accordance with Class Order 14/632 issued by the Australian Securities and Investments Commission, relating to 'Key management personnel equity instrument disclosures', the following disclosures relates only to equity instruments in the company or its subsidiaries.

Shareholding
The number of shares in the company held during the financial year 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 year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Mark Kerr	1,120,000	-	222,529	-	1,342,529
Mathew Edwards	13,545,100	-	-	-	13,545,100
Paul Gwilym	660,000	-	-	-	660,000
Andrew Hanson	50,000	-	-	-	50,000
	15,375,100	-	222,529	-	15,597,629

This concludes the remuneration report, which has been audited.

Shares under option
There were no unissued ordinary shares of Think Childcare 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 Limited issued on the exercise of options during the year ended 31 December 2015 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 year, 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 the liability and the amount of the premium.

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

During the financial year, 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 year by the auditor. Tax services were provided by a network firm as disclosed in note 23 to the financial statements.

Officers of the company who are former partners of Bentleys NSW Audit Pty Ltd
There are no officers of the company who are former 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 follows this directors' report.

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

19 February 2016
Melbourne

Bentleys
THINKING AHEAD

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Think Childcare Limited
(formerly known as Think Childcare and Education Limited)
ABN: 81 600 793 388

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Think Childcare Limited (formerly known as Think Childcare and Education Limited)

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2015, there have been:

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

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

Bentleys NSW Audit Pty Ltd

Bentleys NSW Audit Pty Ltd

Robert Evett
Director

Sydney
19 February 2016

The directors and management of Think Childcare Limited (the 'company') are committed to conducting the consolidated entity's business in an ethical manner and in accordance with the highest standards of corporate governance. The company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (3rd Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations.

The company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation throughout the financial year for the company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations.

The company's Corporate Governance Statement and policies, which were approved by the Board of directors at the same time as the Annual Reports, and can be found on its website: http:// www.thinkchildcare.com.au

	Note	Consolidated Year ended 31 Dec 2015 $'000	Consolidated Period ended 31 Dec 2014 $'000
Revenue	5	46,512	7,230
Expenses			
Employee expenses		(28,936)	(4,517)
Occupancy expenses		(5,628)	(1,012)
Direct expenses of providing services		(1,842)	(231)
Marketing expenses		(544)	(163)
Formation and acquisition expenses	6	(326)	(7,048)
Other expenses		(1,834)	(422)
Depreciation and amortisation expense	6	(328)	(50)
Finance costs	6	(420)	(131)
Profit/(loss) before income tax (expense)/benefit		6,654	(6,344)
Income tax (expense)/benefit	7	(1,845)	303
Profit/(loss) after income tax (expense)/benefit for the year attributable to the owners of Think Childcare Limited		4,809	(6,041)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Think Childcare Limited		4,809	(6,041)
		Cents	Cents
Basic earnings per share	32	12.14	(15.26)
Diluted earnings per share	32	12.14	(15.26)

Refer to note 28 for the finalisation of prior period business combinations which has resulted in comparatives being adjusted.

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 31 December 2015

	Note	Consolidated 2015 $'000	2014 $'000
Assets			
Current assets			
Cash and cash equivalents		2,359	4,357
Trade and other receivables	8	1,175	2,910
Other	9	861	406
Total current assets		4,395	7,673
Non-current assets			
Property, plant and equipment	10	1,886	968
Intangibles	11	20,299	17,126
Deferred tax	12	1,846	1,887
Security deposits		1,775	871
Total non-current assets		25,806	20,852
Total assets		30,201	28,525
Liabilities			
Current liabilities			
Trade and other payables	13	3,277	8,729
Borrowings	25	47	-
Income tax payable		1,778	-
Employee benefits	14	1,573	1,443
Other	28	180	-
Total current liabilities		6,855	10,172
Non-current liabilities			
Borrowings	15	5,360	5,000
Employee benefits	16	606	782
Total non-current liabilities		5,966	5,782
Total liabilities		12,821	15,954
Net assets		17,380	12,571
Equity			
Issued capital	17	37,664	37,664
Reserves	18	(19,052)	(19,052)
Accumulated losses		(1,232)	(6,041)
Total equity		17,380	12,571

Refer to note 28 for the finalisation of prior period business combinations which has resulted in comparatives being adjusted.

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 year ended 31 December 2015

Consolidated	Issued capital $'000	Common control reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 21 July 2014	-	-	-	-
Loss after income tax benefit for the period	-	-	(6,041)	(6,041)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(6,041)	(6,041)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 17)	37,664	-	-	37,664
Entities acquired under common control (note 18)	-	(19,052)	-	(19,052)
Balance at 31 December 2014	37,664	(19,052)	(6,041)	12,571

Refer to note 28 for the finalisation of prior period business combinations which has resulted in comparatives being adjusted.

Consolidated	Issued capital $'000	Common control reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2015	37,664	(19,052)	(6,041)	12,571
Profit after income tax expense for the year	-	-	4,809	4,809
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	4,809	4,809
Balance at 31 December 2015	37,664	(19,052)	(1,232)	17,380

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

Statement of cash flows
For the year ended 31 December 2015

	Note	Consolidated Year ended 31 Dec 2015 $'000	Consolidated Period ended 31 Dec 2014 $'000
Cash flows from operating activities			
Cash receipts from parents and government funding		46,147	4,311
Payments to suppliers and employees		(39,717)	(4,017)
		6,430	294
Government grants received		917	-
Interest received		10	9
Interest and other finance costs paid		(420)	(131)
Net cash from operating activities	31	6,937	172
Cash flows from investing activities			
Payments for purchase of business, net of cash acquired	28	(4,590)	(19,089)
Prepayments relating to future acquisitions		(244)	-
Payments for property, plant and equipment		(1,068)	(69)
Payments for security deposits		(904)	(871)
Net cash used in investing activities		(6,806)	(20,029)
Cash flows from financing activities			
Proceeds from issue of shares	17	-	21,150
Payments of share issue costs, net of tax		(2,242)	(1,936)
Proceeds from borrowings	15	2,775	5,000
Repayments of borrowings		(2,500)	-
Payments of costs relating to bank facility		(162)	-
Net cash from/(used in) financing activities		(2,129)	24,214
Net increase/(decrease) in cash and cash equivalents		(1,998)	4,357
Cash and cash equivalents at the beginning of the financial year		4,357	-
Cash and cash equivalents at the end of the financial year		2,359	4,357

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

Note 1. General information

The financial statements cover Think Childcare Limited as a consolidated entity consisting of Think Childcare Limited ('company' or 'parent entity') and the entities it controlled at the end of, or during, the year ('consolidated entity'). 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 19 February 2016. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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.

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 for the comparative accounting period is from 22 October 2014 to 31 December 2014 and is therefore not directly comparable to the full financial year ended 31 December 2015.

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 3.

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 27.

Note 2. Significant accounting policies (continued)

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Think Childcare Limited as at 31 December 2015 and the results of all subsidiaries for the period then ended. Think Childcare 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.

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.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Note 2. Significant accounting policies (continued)

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 the 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 be applied 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 at 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.

Think Childcare Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

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

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.

Note 2. Significant accounting policies (continued)

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.

Property, plant and equipment
Property, 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
Motor vehicles	5 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
Leases of property, plant and equipment where the consolidated entity, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included as a liability. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease year so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the consolidated entity are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are recognised in profit or loss on a straight-line basis over the term of the lease, which reflects the pattern in which economic benefits from the leased asset are consumed. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Note 2. Significant accounting policies (continued)

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 is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it 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 year 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.

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.

Note 2. Significant accounting policies (continued)

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 employee benefits 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

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 interests. 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 at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of 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.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

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.

Note 2. Significant accounting policies (continued)

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.

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 the 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 Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

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.

Note 2. Significant accounting policies (continued)

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.

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 2015. 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

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. 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 ('OCI'). 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 OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018 and the impact of its adoption is expected to be minimal.

Note 2. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. 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 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

IFRS 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. For lessee accounting, the standard eliminates the ‘operating lease’ and ‘finance lease’ classification required by AASB 117 ‘Leases’. Subject to exceptions, a ‘right-of-use’ asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and office furniture) where an accounting policy choice exists whereby either a ‘right-of-use’ asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) components. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 January 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 3. 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.

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.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

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 2, 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.

Business combinations
As discussed in note 2, 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 4. Operating segments

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

The consolidated entity operates in one geographical region being Australia.

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

Major customers
During the year ended 31 December 2015, 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 (2014: Nil).

Note 5. Revenue

	Consolidated	
	Year ended 31 Dec 2015 $'000	Period ended 31 Dec 2014 $'000
Sales revenue		
Provision of childcare services	44,555	7,133
Other revenue		
Government grants	917	-
Management fees	1,030	88
Interest	10	9
	1,957	97
Revenue	46,512	7,230

Note 6. Expenses

	Consolidated	
	Year ended 31 Dec 2015 $'000	Period ended 31 Dec 2014 $'000
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	312	45
Motor vehicles	3	-
Computer equipment	13	5
Total depreciation	328	50
Finance costs		
Interest and finance charges paid/payable	420	131
Rental expense relating to operating leases		
Minimum lease payments	3,993	687
Superannuation expense		
Defined contribution superannuation expense	2,365	367
Employee benefits expense excluding superannuation	26,571	4,150
Formation and acquisition expenses		
Share-based payment expense	-	4,055
Initial public offering expenses	-	1,121
Acquisition and integration costs	326	1,872
Total formation and acquisition expenses	326	7,048

Note 7. Income tax expense/(benefit)

	Consolidated Year ended 31 Dec 2015 $'000	Consolidated Period ended 31 Dec 2014 $'000
Income tax expense/(benefit)		
Current tax	1,778	40
Deferred tax - origination and reversal of temporary differences	67	(343)
Aggregate income tax expense/(benefit)	1,845	(303)
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets (note 12)	67	(343)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax (expense)/benefit	6,654	(6,344)
Tax at the statutory tax rate of 30%	1,996	(1,903)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	-	1,217
Non-deductible expenses	154	36
Formation and acquisition expenses	86	347
Black hole expenditure	(275)	-
	1,961	(303)
Prior year tax losses not recognised now recouped	(116)	-
Income tax expense/(benefit)	1,845	(303)

Note 8. Current assets - trade and other receivables

	Consolidated 2015 $'000	Consolidated 2014 $'000
Trade receivables	970	2,305
Less: Provision for impairment of receivables	(74)	(91)
	896	2,214
Other receivables	279	696
	1,175	2,910

Impairment of receivables

The consolidated entity has recognised a reversal of $17,000 (2014: 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 year ended 31 December 2015.

Note 8. Current assets - trade and other receivables (continued)

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

	Consolidated	
	2015 $'000	2014 $'000
Nil to three months overdue	8	61
Three to six months overdue	18	13
Over six months overdue	48	17
	74	91

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

	Consolidated	
	2015 $'000	2014 $'000
Opening balance	91	-
Provisions recognised	-	91
Unused amounts reversed	(17)	-
Closing balance	74	91

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $395,000 as at 31 December 2015 ($nil as at 31 December 2014).

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

At 31 December 2015, the analysis of trade receivables not impaired are as follows:

	Consolidated	
	2015 $'000	2014 $'000
Fully performing debts, not past due	501	2,214
1 to 30 days past due	192	-
31 to 60 days past due	58	-
over 61 days past due	145	-
	896	2,214

Note 9. Current assets - other

	Consolidated	
	2015 $'000	2014 $'000
Prepayments	617	406
Other current assets *	244	-
	861	406

* This corresponds to deposit paid for future acquisitions held in lawyer's trust account.

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

	Consolidated 2015 $'000	Consolidated 2014 $'000
Plant and equipment - at cost	1,983	986
Less: Accumulated depreciation	(346)	(45)
	1,637	941
Motor vehicles - at cost	161	-
Less: Accumulated depreciation	(3)	-
	158	-
Computer equipment - at cost	109	32
Less: Accumulated depreciation	(18)	(5)
	91	27
	1,886	968

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

Consolidated	Plant and equipment $'000	Motor vehicles $'000	Computer equipment $'000	Total $'000
Balance at 21 July 2014	-	-	-	-
Additions	37	-	32	69
Additions through business combinations (note 28)	949	-	-	949
Depreciation expense	(45)	-	(5)	(50)
Balance at 31 December 2014	941	-	27	968
Additions	962	161	77	1,200
Additions through business combinations (note 28)	46	-	-	46
Depreciation expense	(312)	(3)	(13)	(328)
Balance at 31 December 2015	1,637	158	91	1,886

Comparative figures have changed due to the finalisation of prior period business combinations. Refer to note 28 for further details.

Property, plant and equipment secured under finance leases
Refer to note 25 for further information on property, plant and equipment secured under finance leases.

Note 11. Non-current assets - intangibles

	Consolidated 2015 $'000	Consolidated 2014 $'000
Goodwill - at cost	20,299	17,126

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

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

Consolidated	Goodwill $'000	Total $'000
Balance at 21 July 2014	-	-
Additions through business combinations (note 28)	17,126	17,126
Balance at 31 December 2014	17,126	17,126
Additions through business combinations (note 28)	3,173	3,173
Balance at 31 December 2015	20,299	20,299

Comparative figures have changed due to the finalisation of prior period business combinations. Refer to note 28 for further details.

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 13% (2014: 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.

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 2015 $'000	Consolidated 2014 $'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Impairment of receivables	22	27
Employee benefits	654	661
Acquisition costs	102	392
Other	361	70
	1,139	1,150
Amounts recognised in equity:		
Transaction costs on share issue	707	737
Deferred tax asset	1,846	1,887
Movements:		
Opening balance	1,887	-
Credited/(charged) to profit or loss (note 7)	(67)	343
Additions through business combinations (note 28)	26	622
Credited to equity	-	922
Closing balance	1,846	1,887

Comparative figures for employee benefits have changed due to the finalisation of prior period business combinations. Refer to note 28 for further details.

Note 13. Current liabilities - trade and other payables

	Consolidated 2015 $'000	Consolidated 2014 $'000
Trade payables	899	3,171
Fees received in advance	-	265
Deferred consideration	-	3,030
Other payables	2,378	2,263
	3,277	8,729

Refer to note 20 for further information on financial instruments.

Note 14. Current liabilities - employee benefits

	Consolidated	
	2015	2014
	$'000	$'000
Annual leave	1,380	946
Long service leave	52	-
Personal leave	141	497
	1,573	1,443

Comparative figures for annual leave has changed due to the finalisation of prior period business combinations. Refer to note 28 for further details.

Note 15. Non-current liabilities - borrowings

	Consolidated	
	2015	2014
	$'000	$'000
Bank loans	3,500	5,000
Inter-changeable facility (comprising bank over draft and bank guarantee facility)	1,775	-
Lease liability	85	-
	5,360	5,000

Refer to note 20 for further information on financial instruments.

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

	Consolidated	
	2015	2014
	$'000	$'000
Bank loans	3,500	5,000
Inter-changeable facility (comprising bank over draft and bank guarantee facility)	1,775	-
Lease liability	132	-
	5,407	5,000

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

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

Note 15. Non-current liabilities - borrowings (continued)

Financing arrangements

	Consolidated 2015 $'000	Consolidated 2014 $'000
Total facilities		
Bank loans	25,000	25,000
Inter-changeable facility (comprising bank over draft and bank guarantee facility)	4,000	4,000
Lease liability	132	-
	29,132	29,000
Used at the reporting date		
Bank loans	3,500	5,000
Inter-changeable facility (comprising bank over draft and bank guarantee facility)	1,775	-
Lease liability	132	-
	5,407	5,000
Unused at the reporting date		
Bank loans	21,500	20,000
Inter-changeable facility (comprising bank over draft and bank guarantee facility)	2,225	4,000
Lease liability	-	-
	23,725	24,000

The unused portion of the bank loans facility is $21,500,000 (2014: $20,000,000) of which $19,000,000 (2014: $20,000,000) is only available for future acquisitions and there are specific criteria that need to be met prior to draw-down. The remaining $2,500,000 is available immediately for working capital requirements. The facility is renewable on 16 December 2017.

As at 31 December 2015, 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, $9,000,000 is available for suitable acquisitions immediately and a further $10,000,000 facility is available. The second tranche of the acquisition facility is an uncommitted advance.

Note 16. Non-current liabilities - employee benefits

	Consolidated 2015 $'000	Consolidated 2014 $'000
Annual leave	133	202
Long service leave	473	580
	606	782

Note 17. Equity - issued capital

	Consolidated 2015 Shares	Consolidated 2014 Shares	Consolidated 2015 $'000	Consolidated 2014 $'000
Ordinary shares - fully paid	39,600,000	39,600,000	37,664	37,664

Note 17. Equity - issued capital (continued)

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
Balance	31 December 2015	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.

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 year.

Note 18. Equity - reserves

	Consolidated	
	2015 $'000	2014 $'000
Common control reserve	(19,052)	(19,052)

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.

Note 18. Equity - reserves (continued)

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

Consolidated	Common control $'000	Total $'000
Balance at 21 July 2014	-	-
Common control reserve (note 28) *	(19,052)	(19,052)
Balance at 31 December 2014	(19,052)	(19,052)
Balance at 31 December 2015	(19,052)	(19,052)

* Comparative figures have changed due to the finalisation of prior period business combinations. Refer to note 28 for further details.

Note 19. Equity - dividends

On 19 February 2016, a final dividend for the year ended 31 December 2015 of 7.2 cents per ordinary share, 33% franked, was declared, with a record date of 21 March 2016. The dividend will be paid on 31 March 2016 and is estimated to be $2,851,000.

Note 20. 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. The consolidate entity did not employ any kind of derivatives for the year ended 31 December 2015.

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.

Note 20. Financial instruments (continued)

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

	2015		2014	
Consolidated	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Bank loans	4.05%	3,500	4.35%	5,000
Inter-changeable facility (comprising bank over draft and bank guarantee facility)	4.05%	1,775	-	-
Net exposure to cash flow interest rate risk		5,275		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 (2014: 50) basis points would have an adverse/favourable effect on profit before tax and equity of $26,000 (2014: $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.

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	
	2015 $'000	2014 $'000
Bank loans	21,500	20,000
Inter-changeable facility (comprising bank over draft and bank guarantee facility)	2,225	4,000
	23,725	24,000

The unused portion of the bank loans facility is only available for future acquisitions and there are specific criteria that needs to be met prior to draw-down. Refer to note 15 for further details.

Note 20. Financial instruments (continued)

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 - 2015	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	-	899	-	-	-	899
Other payables	-	2,378	-	-	-	2,378
Interest-bearing - variable						
Bank loans	4.05%	214	5,382	-	-	5,596
Lease liability	4.95%	51	93	-	-	144
Total non-derivatives		3,542	5,475	-	-	9,017

Consolidated - 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 21. Fair value measurement

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Contingent consideration	-	-	180	180
Total liabilities	-	-	180	180

Note 21. Fair value measurement (continued)

There were no transfers between levels during the financial year.

The contingent consideration, arising from the business combination, refer to note 28, is based on future profits over and above those allowed for in the purchase consideration calculation. The amount is capped at $180,000 and the full amount has been provided for based on the budgeted estimates of the year ending 31 December 2016. Based on sensitivity analysis the most likely amount payable is $180,000, which could be reduced to $125,000 if current estimates are not met.

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.

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Contingent consideration $'000	Total $'000
Balance at 21 July 2014	-	-
Balance at 31 December 2014	-	-
Additions through business combination (note 28)	180	180
Balance at 31 December 2015	180	180

Note 22. 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	
	Year ended 31 Dec 2015 $	Period ended 31 Dec 2014 $
Short-term employee benefits	670,905	435,414
Post-employment benefits	54,711	11,017
	725,616	446,431

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Bentleys NSW Audit Pty Ltd, the auditor of the company, and its network firms:

	Consolidated	
	Year ended 31 Dec 2015 $	Period ended 31 Dec 2014 $
Audit services - Bentleys NSW Audit Pty Ltd		
Audit or review of the financial statements	47,709	35,000
Other services - Bentleys NSW Pty Ltd		
Tax compliance services	8,215	-

Note 24. Contingent liabilities

The consolidated entity has given a corporate guarantee as at 31 December 2015 of $4,644,000 (2014: $2,626,000) to a lessor in relation to property leases on a number of child care facilities.

Note 25. Commitments

	Consolidated	
	2015 $'000	2014 $'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	3,754	3,806
One to five years	13,829	12,856
More than five years	8,891	9,543
	26,474	26,205
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	51	-
One to five years	93	-
Total commitment	144	-
Less: Future finance charges	(12)	-
Net commitment recognised as liabilities	132	-
Representing:		
Lease liability - current	47	-
Lease liability - non-current (note 15)	85	-
	132	-

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.

Finance lease commitments includes contracted amounts for motor vehicles with a written down value of $158,000 (2014: nil) under finance leases expiring within two to three years. Under the terms of the leases, the consolidated entity has the option to acquire the leased assets for predetermined residual values on the expiry of the leases.

Note 26. Related party transactions

Parent entity
Think Childcare Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 29.

Key management personnel
Disclosures relating to key management personnel are set out in note 22 and the remuneration report in the directors' report.

Transactions with related parties
There were no transactions with related parties during the current financial year.

Prior year
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 28 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 28 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 current and previous reporting date.

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

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

Note 27. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	Year ended 31 Dec 2015 $'000	Period ended 31 Dec 2014 $'000
Profit/(loss) after income tax	738	(6,880)
Total comprehensive income	738	(6,880)

Note 27. Parent entity information (continued)

Statement of financial position

	Parent 2015 $'000	Parent 2014 $'000
Total current assets	17,487	21,005
Total assets	39,843	41,628
Total current liabilities	2,914	5,844
Total liabilities	8,321	10,844
Equity		
Issued capital	37,664	37,664
Accumulated losses	(6,142)	(6,880)
Total equity	31,522	30,784

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity has given a corporate guarantee as at 31 December 2015 of $4,644,000 (2014: $2,626,000) to a lessor in relation to property leases on a number of childcare facilities.

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2015 and 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 2, 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 28. Business combinations

Current year acquisition

Acquisition of two childcare centres - acquisition method
The consolidated entity acquired two childcare centres during the year for the total consideration transferred of $3,157,000. The acquisitions were completed on 18 September 2015. The goodwill of $3,173,000 represents the future positive cash flows from the underlying childcare centres. The revenue from the acquisitions amounted to $1,024,586 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 2015.

Note 28. Business combinations (continued)

Details of the acquisitions are as follows:

	Fair value $'000
Property, plant and equipment	46
Deferred tax asset	26
Employee benefits	(88)
Net liabilities acquired	(16)
Goodwill	3,173
Acquisition-date fair value of the total consideration transferred	3,157
Representing:	
Contingent consideration	180
Cash paid to vendors	1,560
Balance offset from loan receivables	1,417
	3,157

Acquisition of childcare centres from Baker Street Childcare Education Pty Limited ('BAK') and other external parties - acquisition method (comparative period)
The consolidated entity acquired a number of childcare centres from BAK and others, for the total consideration transferred of $16,827,000. The acquisitions were completed between 22 October 2014 and 29 December 2014. The goodwill of $17,126,000 represents the future positive cash flows from the underlying childcare centres. 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 final at 31 December 2015.

Details of the acquisition are as follows:

	Fair value $'000
Property, plant and equipment	562
Deferred tax asset	344
Other payables	(25)
Employee benefits	(1,151)
Net liabilities acquired	(270)
Goodwill	17,126
Acquisition-date fair value of the total consideration transferred	16,856
Representing:	
Think Childcare Limited shares issued to vendor	263
Cash paid to vendor	16,593
	16,856

Note 28. Business combinations (continued)

Learning and Education Australia Pty Ltd ('LEA') - common control transaction (comparative period)
Prior to the IPO that occurred on 24 October 2014, 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, was treated as an equity transaction, classified as common control reserve. The total consideration transferred was $18,797,000.

Details of the acquisition are as follows:

	Fair value $'000
Property, plant and equipment	387
Deferred tax asset	278
Employee benefits	(909)
Net liabilities acquired	(244)
Common control reserve	19,052
Acquisition-date fair value of the total consideration transferred	18,808
Representing:	
Think Childcare Limited shares issued to vendor	13,282
Cash paid to vendor	2,496
Cash payable to vendor	3,030
	18,808

The comparative period business combinations have now been finalised and this has resulted in a decrease in property, plant and equipment of $305,000, a decrease in goodwill of $299,000 with an associated reduction of depreciation on the property, plant and equipment of $11,000, a decrease in employee benefits of $132,000 with an associated and tax impact of $40,000 and an increase in common control reserve of $483,000 for the year ended 31 December 2014. The fair value tables for BAK and LEA above and the comparatives have been adjusted accordingly.

Note 29. 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 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2015 %	Ownership interest 2014 %
Baker Street Childcare Education Pty Ltd	Australia	100.00%	100.00%
Childcare Management Services Pty Ltd	Australia	100.00%	100.00%
Edhod Greensborough Pty Ltd	Australia	100.00%	100.00%
Edhod Macleod Pty Ltd	Australia	100.00%	100.00%
Edhod Newcomb Pty Ltd	Australia	100.00%	100.00%
Edhod Settlement Pty Ltd	Australia	100.00%	100.00%
Edhod Trafalgar Pty Ltd	Australia	100.00%	100.00%
Edhod Wilson Pty Ltd	Australia	100.00%	100.00%
LEA Childcare Pty Ltd	Australia	100.00%	100.00%
Lea Childcare Services Pty Ltd	Australia	100.00%	100.00%
LEA Cobbs Pty Ltd	Australia	100.00%	100.00%
LEA Cranbourne Pty Ltd	Australia	100.00%	100.00%
LEA Georges Pty Ltd	Australia	100.00%	100.00%
LEA Landsdale Pty Ltd	Australia	100.00%	100.00%
LEA Lara Pty. Ltd	Australia	100.00%	100.00%
LEA Springhill Pty Ltd	Australia	100.00%	100.00%
LEA Superior Pty Ltd	Australia	100.00%	100.00%
LEA Westmeadows Pty Ltd	Australia	100.00%	100.00%
Think 2 Georges Hall Geor Pty Ltd	Australia	100.00%	100.00%
Think 2 Tuggerah Cob Pty Ltd	Australia	100.00%	100.00%
Think 3 Dandenong Can Pty Ltd	Australia	100.00%	100.00%
Think 3 Rowville Lakes Sup Pty Ltd	Australia	100.00%	100.00%
Think Childcare Belmont Pty Ltd	Australia	100.00%	100.00%
Think Childcare Moorabbin Pty Ltd	Australia	100.00%	100.00%
Think Childcare Services Pty Ltd	Australia	100.00%	100.00%
Think Childcare Services No.1 Pty Ltd	Australia	100.00%	100.00%
Think 2 Campbelltown bro Pty Ltd	Australia	100.00%	-
Think 5 Golden Grove Ten Pty Ltd	Australia	100.00%	-

Note 30. Events after the reporting period

Apart from the dividend declared as disclosed in note 19, no other matter or circumstance has arisen since 31 December 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 31. Reconciliation of profit/(loss) after income tax to net cash from operating activities

	Consolidated	
	Year ended 31 Dec 2015 $'000	Period ended 31 Dec 2014 $'000
Profit/(loss) after income tax (expense)/benefit for the year	4,809	(6,041)
Adjustments for:		
Depreciation and amortisation	328	50
Share-based payments	-	4,055
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	562	(2,910)
Decrease/(increase) in deferred tax assets	67	(1,265)
Increase in other assets	(455)	(406)
Increase/(decrease) in trade and other payables	(18)	6,524
Increase in provision for income tax	1,778	40
Increase/(decrease) in employee benefits	(134)	125
Net cash from operating activities	6,937	172

Note 32. Earnings per share

	Consolidated	
	Year ended 31 Dec 2015 $'000	Period ended 31 Dec 2014 $'000
Profit/(loss) after income tax attributable to the owners of Think Childcare Limited	4,809	(6,041)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	39,600,000	39,600,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	39,600,000	39,600,000
	Cents	Cents
Basic earnings per share	12.14	(15.26)
Diluted earnings per share	12.14	(15.26)

In the directors' opinion:

- the attached financial statements and notes 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 comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the financial 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.

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

19 February 2016
Melbourne

Bentleys
THINKING AHEAD

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Think Childcare Limited
(formerly known as Think Childcare and Education Limited)
ABN: 81 600 793 388

Independent Audit Report to the Members of Think Childcare Limited (formerly known as Think Childcare and Education Limited)

Report on the Financial Report

We have audited the accompanying financial report of Think Childcare Limited (formerly known as Think Childcare and Education Limited), which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of change in equity and the statement of cash flow for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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 such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 2, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (IFRS).

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 Limited (formerly known as Think Childcare and Education Limited), would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

(a) the financial report of Think Childcare Limited (formerly known as Think Childcare and Education Limited) 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 2015 and of its performance for the year ended on that date; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the remuneration report included in pages 8 to 12 of the directors' report for the year ended 31 December 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s300A 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.

Auditor's Opinion

In our opinion the remuneration report of Think Childcare Limited (formerly known as Think Childcare and Education Limited) for the year ended 31 December 2015 complies with s 300A of the *Corporations Act 2001*.

Bentleys NSW Audit Pty Ltd

Bentleys NSW Audit Pty Ltd

Robert Evett
Director

Sydney
19 February 2016

The shareholder information set out below was applicable as at 16 February 2016.

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	38
1,001 to 5,000	123
5,001 to 10,000	118
10,001 to 100,000	150
100,001 and over	28
	457
Holding less than a marketable parcel	9

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	% of total shares issued
MR MATHEW EDWARDS	7,625,010	19.26
ISAMAX PTY LTD	5,920,090	14.95
CITICORP NOMINEES PTY LIMITED (for Colonial First State Management (Australia) Limited)	3,795,604	9.58
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD (PICREDIT)	3,517,986	8.88
RIVERSDALE ROAD SHAREHOLDING COMPANY (RIVERSDALE ROAD HOLDING A/C)	2,504,400	6.32
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,238,521	5.65
J P MORGAN NOMINEES AUSTRALIA LIMITED	1,390,892	3.51
MR MARK GREGORY KERR + MRS LINDA MARIE KERR (LINDMARK INV STAFF S/F A/C)	992,529	2.51
NATIONAL NOMINEES LIMITED	679,396	1.72
SEGUE CORP PTY LTD (SEGUE INVESTMENTS A/C)	660,000	1.67
ASL PORTFOLIO INVESTMENTS PTY LTD	515,500	1.30
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
BERNE NO 132 NOMINEES PTY LTD (323731 A/C)	318,358	0.80
CROZET ISLAND PTY LTD (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
J & P CHICK PTY LIMITED (J & P CHICK PTY LTD S/F A/C)	166,000	0.42
DORICA NOMINEES PTY LTD (SUPER FUND A/C)	150,000	0.38
	32,214,286	81.33

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
Citicorp Nominees Pty Limited (for Colonial First State Management (Australia) Limited)	3,795,604	9.58
RBC Investor Services Australia Nominees Pty Ltd (PICREDIT)	3,517,986	8.88
Riversdale Road Shareholding Company Pty Ltd (Riversdale Road Holding A/C)	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