

THINKSMART LIMITED

INTERIM FINANCIAL REPORT

31 DECEMBER 2015

ABN 24 092 319 698

THINKSMART LIMITED
CONTENTS

	Page
Directors' report	2
Consolidated statement of profit and loss	5
Consolidated statement of comprehensive income	6
Consolidated statement of financial position	7
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	9
Notes to the interim financial statements	10
Directors' declaration	15
Independent auditor's report on review of interim financial report	17
Auditor's independence declaration	19

THINKSMART LIMITED

DIRECTORS' REPORT

The directors present their report together with the interim financial report for the half-year ended 31 December 2015 and the auditor's review report thereon:

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Ned Montarello

Executive Chairman

Ned was appointed Executive Chairman on 22 May 2010 and stepped down as Chief Executive Officer on 31 January 2014. Ned has over 28 years' experience in the finance industry. He founded ThinkSmart in 1996 and through this vehicle has been credited with elevating the Nano-Ticket rental market sector in Australia, receiving the Telstra and Australian Government's Entrepreneur of the Year Award in 1998. Ned led the development of the Group's Australian distribution network by building partnerships with key retailers. Ned also steered the expansion of the business into Europe, establishing agreements with DSG International and a joint venture with HBOS to launch in the UK. In 2007 Ned successfully listed, via IPO, the business in Australia. In 2010 he led the development of the "Infinity" product with Dixons to move into the "Business to Consumer" market for the first time in the UK. Ned continued to drive the business to maintain its sector leading IP in point of sale finance with the introduction of e-sign to its process ensuring that it maintained its relevance to the fast moving retail environment.

Fernando de Vicente B. Econ, MBA Bus

Chief Executive Officer

Fernando joined the Board on 7 April 2010 and the Audit and Risk Committee on 18 August 2013. Fernando was then subsequently appointed group Chief Executive Officer from 1 January 2015. Fernando has a Degree in Economics (International Development) from the University Complutense in Madrid, and an Executive MBA from IESE Business School in Madrid.

Fernando spent nine years at Dixons Retail, one of Europe's largest electrical retailers. His latest role in Dixons was International Managing Director, with responsibility for Dixons Central & Southern European operations, a A\$3 billion business with 350 stores across six countries. Fernando started his career with Dixons in 2001 as Finance Director for the Spanish subsidiary, and became the MD of the subsidiary in 2003. In 2006 he was promoted to Regional Managing Director for South-East Europe based in Greece, before assuming the role of International Managing Director in 2008.

In March 2010, Fernando left Dixons to become the Executive Chairman of BodyBell Group, one of Spain's largest speciality retailers. On 15 February 2012, Fernando was appointed Non-Executive Director of Levantina, a leading multinational company dealing with natural stone products.

Keith Jones MBA Bus

Group Strategy and Development Director

Keith joined the Board on 24 May 2013 and was appointed Chief Executive Officer on 1 February 2014 through to 31 December 2014. Keith has since moved to the role of Group Strategy and Development Director from 1 January 2015 whilst at the same time ensuring a smooth hand over with the current CEO, Fernando. Keith has 30 years of retail experience in Europe including roles as Chief Executive Officer of JJB Sports plc and Group Retail Director of Dixons Retail plc, one of Europe's largest electrical retailers. At Dixons, Keith was a member of the Group Executive Committee with responsibility for all UK and Ireland fascia's including PC World and Currys. Previously he was Managing Director of PC World Stores Group with responsibility for stores in the UK, Spain, France, Italy and Nordics in addition to Group Service Operations. Keith has a MBA from the Manchester Business School.

THINKSMART LIMITED

DIRECTORS' REPORT

David Griffiths B. Ec (Hons), M. Ec, D. Ec (Hon), FAICD
Non-Executive Director, Deputy Chairman

David joined the Board on 28 November 2000 and was appointed Deputy Chairman on 22 May 2010. David has over 14 years' experience in investment banking at Macquarie Bank Limited and previously as Executive Chairman of Porter Western Limited. Prior to that he held a number of senior financial positions across a wide range of industries. He holds an Honours Degree in Economics and an honorary Doctor of Economics from The University of Western Australia, a Masters Degree in Economics from Australian National University and is a Fellow of the Australian Institute of Company Directors. David is a Director of the Contemporary Dance Company of Western Australia. He is Chairman of Automotive Holdings Group Limited and Wellard Limited. David is Chair of the Audit and Risk Committee of ThinkSmart.

COMPANY SECRETARY

Neil Hackett B. Ec, FFin, GAICD

Mr Neil Hackett holds a Bachelor of Economics from the University of Western Australia, Post-graduate qualifications in Applied Finance and Investment, and is a Graduate (Order of Merit) with the Australian Institute of Company Directors. Mr Hackett is an Affiliate of the Governance Institute of Australia and a Fellow of the Financial Services Institute of Australia. He is currently a Non-executive Director of Australian Securities Exchange listed entities; Azonto Petroleum Limited and Ardiden Limited. Neil is also on the Board of two unlisted entities, Steel Blue Pty Ltd and WestCycle Inc.

OPERATING AND FINANCIAL REVIEW

Highlights for the six months to 31 December 2015 for ThinkSmart Limited and its subsidiaries ("the Group") include:

- Net profit after tax of \$1.8 million was 17.6% up on the last reported six month period to December 2014 for continuing operations. This was largely due to continued good progress from the UK operating business.
- Net profit after tax of \$3.1m, excluding costs arising from non-operating activities (see note 8) and related tax credit (see note 6), demonstrates the underlying growth generated by the UK business in the six months to December 2015.
- Basic EPS of 2.23 cents at 31 December 2015 increased from 1.00 cent per share at comparative reporting period. The basic EPS adjusted to exclude costs arising from non-operating activities (see note 8) and related tax credit (see note 6), is 4.17 cents.
- Volumes for the UK operating business reduced by 11% on a constant currency basis due to the reduction in consumer repeat business off the back of declining volumes from 2013.
- New originations for the UK operating business grew by 1% on a constant currency, with SmartPlan (leasing for Dixons business customers) being the stand out performer growing by 27%.
- Overall the UK recorded a net profit before tax of \$5.55m for the six month period to December 2015, being 63% up on the previous six month period to December 2014 due to:
 - growth in new originations, particularly SmartPlan volumes
 - improved margin due to lower cost of funds
 - benefit of lease accounting on 50% of Upgrade Anytime contracts written from December 2014
 - improved bad debt performance on existing business and consumer portfolios
- Extended £60m funding agreement with STB on improved terms to July 2018.
- Corporate operating costs continue to fall and are at \$1.55m for the six month period to December 2015, being 5% down on the previous six month period to December 2014.
- Significant investment in unique leading proprietary systems, people, new product development and funding platform continues to support growth strategy and competitive advantage and is expected to increase in the year ahead.
- Fully franked dividend of 3.5 cents per share paid on 14 September 2015.
- Fully franked dividend of 1.1 cents per share declared on 24 February 2016, to be paid 21 March 2016 with a Record Date of 7 March 2016.

THINKSMART LIMITED
DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 19 and forms part of the directors' report for the half-year ended 31 December 2015.

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:



N Montarello
Chairman
Perth, 24 February 2016

**Consolidated Statement of Profit and Loss
for the six months ended 31 December 2015**

	Notes	6 months to 31 December 2015 \$000	6 months to 31 December 2014 \$000
Revenue	7(a)	13,129	11,063
Other revenue	7(b)	1,512	1,251
Total revenue		14,641	12,314
Customer acquisition costs		(1,635)	(2,114)
Cost of inertia asset sold		(2,217)	(2,598)
Other operating expenses	7(c)	(5,816)	(5,014)
Depreciation and amortisation	7(d)	(605)	(278)
Impairment losses	7(e)	(384)	(205)
Non-operating strategic review and advisory expenses	8	(1,855)	-
Profit before tax		2,129	2,105
Income tax expense	6	(351)	(593)
Profit after tax		1,778	1,512
 Earnings per share			
Basic (cents per share)		2.23	1.00
Diluted (cents per share)		2.18	0.99

The attached notes form an integral part of these consolidated financial statements

Consolidated Statement of Comprehensive Income
for the six months ended 31 December 2015

	31 December 2015	31 December 2014
	\$000	\$000
Profit for the period	1,778	1,512
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss (net of income tax):		
Foreign currency translation differences for foreign operations	(189)	886
<i>Total items that may be reclassified subsequently to profit or loss, net of income tax</i>	(189)	886
Other comprehensive (loss) / income for the period, net of income tax	(189)	886
Total comprehensive income for the period, net of income tax	1,589	2,398

The attached notes form an integral part of these consolidated financial statements

Consolidated Statement of Financial Position as at 31 December 2015

		31 December 2015	30 June 2015
	Notes	\$000	\$000
Current Assets			
Cash and cash equivalents	17	14,580	16,832
Trade receivables		865	1,014
Loan and lease receivables	9	4,604	2,301
Other current assets	10	5,175	5,786
Total Current Assets		25,224	25,933
Non-Current Assets			
Loan and lease receivables	9	3,333	2,361
Plant and equipment		605	506
Intangible assets	11	13,246	12,658
Goodwill		4,730	4,773
Deferred tax assets		613	57
Other non-current assets	12	5,608	5,483
Total Non-Current Assets		28,135	25,838
Total Assets		53,359	51,771
Current Liabilities			
Trade and other payables		2,836	2,374
Deferred service income		3,043	3,369
Other interest bearing liabilities	13	3,948	2,205
Tax payable		939	834
Provisions		242	230
Total Current Liabilities		11,008	9,012
Non-Current Liabilities			
Deferred service income		1,797	1,833
Other interest bearing liabilities	13	2,718	1,417
Total Non-Current Liabilities		4,515	3,250
Total Liabilities		15,523	12,262
Net Assets		37,836	39,509
Equity			
Issued Capital	14	27,838	27,838
Reserves		1,663	1,852
Accumulated profits		8,335	9,819
		37,836	39,509

The attached notes form an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity for the six months ended 31 December 2015

	Fully paid ordinary shares \$000	Foreign currency translation reserve \$000	Accumulated Profit \$000	Attributable to equity holders of the parent \$000
Balance at 1 July 2014	48,096	(1,286)	12,137	58,947
Profit for the period	-	-	1,512	1,512
Exchange differences arising on translation of foreign operations, net of tax	-	886	-	886
Total comprehensive income for the period	-	886	1,512	2,398
Transactions with owners of the Company, recognised directly in equity <i>Contributions by and distributions to owners of the Company</i>				
Share buyback	(4,715)	-	-	(4,715)
Costs associated to share buyback	(286)	-	-	(286)
Recognition of share-based payments	-	-	80	80
Balance at 31 December 2014	43,095	(400)	13,729	56,424
Balance at 1 July 2015	27,838	1,852	9,819	39,509
Profit for the period	-	-	1,778	1,778
Exchange differences arising on translation of foreign operations, net of tax	-	(189)	-	(189)
Total comprehensive income for the period	-	(189)	1,778	(1,589)
Transactions with owners of the Company, recognised directly in equity <i>Contributions by and distributions to owners of the Company</i>				
Dividends paid	-	-	(3,368)	(3,368)
Recognition of share-based payments	-	-	106	106
Balance at 31 December 2015	27,838	1,663	8,335	37,836

The attached notes form an integral part of these consolidated financial statements

Consolidated Statement of Cash Flows for the six months ended 31 December 2015

	31 December 2015	31 December 2014
Notes	\$000	\$000
Cash Flows from Operating Activities		
Receipts from customers	16,157	11,556
Payments to suppliers and employees	(16,273)	(8,233)
Interest received	167	380
Interest and finance charges	657	(321)
Income tax paid	(720)	(253)
Net cash provided by operating activities	<u>(12)</u>	<u>3,129</u>
Cash Flows from Investing Activities		
Payments for plant and equipment	(235)	(350)
Payments for intangible assets – Software	(1,635)	-
Payments for intangible assets – Contract rights	(119)	(141)
Net cash from investing activities	<u>(1,989)</u>	<u>(491)</u>
Cash Flows from Financing Activities		
Proceeds from other interest bearing liabilities	3,164	-
Dividends paid	(3,281)	-
Share buyback	-	(5,001)
Net cash used in financing activities	<u>(117)</u>	<u>(5,001)</u>
Net (decrease) / increase in cash and cash equivalents	(2,118)	(2,363)
Effect of exchange rate fluctuations on cash held	(134)	541
Cash and cash equivalents from continuing operations at beginning of the financial period	<u>16,832</u>	<u>39,070</u>
Total cash and cash equivalents at the end of the financial period	<u>14,580</u>	<u>37,248</u>
Restricted cash and cash equivalents at the end of the financial period	17 <u>(243)</u>	<u>(256)</u>
Net available cash and cash equivalents at the end of the financial period	<u>14,337</u>	<u>36,992</u>

The attached notes form an integral part of these consolidated financial statements

THINKSMART LIMITED

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Reporting entity

ThinkSmart Limited (the “Company”) is a company domiciled in Australia. The interim financial report of the Company as at and for the six months ended 31 December 2015 comprises the Company and its subsidiaries (together referred to as the “consolidated entity” or “the Group”). The Group is a for profit entity and its principal activity during the six months was the provision of lease and rental financing services in the UK. The annual financial report of the consolidated entity as at and for the period ended 30 June 2015 is available upon request from the Company’s registered office at Suite 5, 531 Hay Street, Subiaco, West Perth, WA 6008 or at www.thinksmartworld.com.

2. Statement of compliance

The interim financial report is a general purpose condensed financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors’ report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise stated.

AASB 134.20 requires a comparable interim period of the immediately preceding annual reporting period, which for this interim financial report is the six months to 31 December 2014 for the profit and loss, cash flow statement and statement in changes in equity.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the period ended 30 June 2015.

This interim financial report was approved by the Board of Directors on 24 February 2016.

3. Significant accounting policies

The accounting policies applied by the consolidated entity in this interim financial report are consistent with those applied by the consolidated entity in its consolidated financial report as at and for the period ended 30 June 2015.

4. Accounting estimates and judgements

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the consolidated interim financial report, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the period ended 30 June 2015.

5. Financial risk management

The consolidated entity’s financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the period ended 30 June 2015.

6. Income tax expense

The consolidated entity’s consolidated effective tax rate in respect of continuing operations for the six months ended 31 December 2015 was 16.5% (31 December 2014: 28.2%). The difference in effective tax rate from the prima facie rates applicable is mainly due to the effect of the differential tax rates across the jurisdictions in which the Group operates together with the relative contribution to the Group’s profit before tax from those jurisdictions. Within this amount, non-operating strategic review and advisory expenses (see note 8) have generated a tax credit of \$557,000.

THINKSMART LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS

	6 months to 31 December 2015 \$000	6 months to 31 December 2014 \$000
7. Consolidated Statement of Profit and Loss		
Profit/(loss) is arrived at after crediting/(charging) the following items:		
a) Revenue		
Finance lease income	803	-
Interest revenue – other entities	167	500
Income earned from sale of inertia assets	1,385	2,101
Extended rental income	3,621	3,770
Deferred service income	2,171	2,270
Fee revenue – customers	128	156
Commission income	4,854	2,266
	<u>13,129</u>	<u>11,063</u>
b) Other revenue		
Services revenue – insurance	1,488	1,175
Other revenue	24	76
	<u>1,512</u>	<u>1,251</u>
c) Other operating expenses		
Employee benefits expense		
- Payments to employees	(3,620)	(2,898)
- Employee superannuation costs	(264)	(198)
- Share-based payment expense	(107)	(80)
	<u>(3,991)</u>	<u>(3,176)</u>
Occupancy costs	(321)	(253)
Professional services	(505)	(933)
Finance charges	(214)	(89)
Other costs	(785)	(563)
	<u>(5,816)</u>	<u>(5,014)</u>
d) Depreciation and amortisation		
Depreciation	(137)	(81)
Amortisation	(468)	(197)
	<u>(605)</u>	<u>(278)</u>
e) Impairment losses		
Impairment losses on finance leases and receivables	(144)	-
Impairment losses on intangible assets (net)	(240)	(205)
	<u>(384)</u>	<u>(205)</u>

THINKSMART LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS

	31 December 2015	31 December 2014
	\$000	\$000
8. Non-operating strategic review and advisory expenses		
Non-operating strategic review and advisory expenses*	(1,855)	-

*As previously announced the ThinkSmart Board has initiated a strategic review to unlock value in the UK business for shareholders and this activity remains ongoing. The above costs are directly related to this activity.

	31 December 2015	30 June 2015
	\$000	\$000
9. Loan and lease receivables		
Current		
Rental receivables	4,941	2,519
Unguaranteed residuals	188	41
Unearned finance income	(466)	(245)
Net lease receivable	4,663	2,315
Allowance for losses	(59)	(14)
	<u>4,604</u>	<u>2,301</u>
Non-current		
Rental receivables	3,707	2,667
Unguaranteed residuals	141	44
Unearned finance income	(471)	(335)
Net lease receivable	3,377	2,376
Allowance for losses	(44)	(15)
	<u>3,333</u>	<u>2,361</u>
	31 December 2015	30 June 2015
	\$000	\$000

10. Other Current Assets

Prepayments	3,242	3,380
Inventories	1,479	1,567
Sundry debtors	454	839
	<u>5,175</u>	<u>5,786</u>

11. Intangible assets

	Contract rights \$000	Software \$000	Distribution network \$000	Intellectual Property \$000	Inertia Contracts \$000	Total \$000
Net Book Value						
At 30 June 2015	509	1,328	-	160	10,661	12,658
At 31 December 2015	439	2,616	-	145	10,046	13,246

THINKSMART LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS

	31 December 2015 \$000	30 June 2015 \$000
12. Other Non-Current Assets		
Insurance prepayments	2,289	2,177
Deposits held by funders (i)	3,319	3,306
	5,608	5,483

- (i) Deposits held by funders are for the servicing and management of their portfolios in the event of default. The deposits earn interest at market rates of return for similar instruments.

	31 December 2015 \$000	30 June 2015 \$000
13. Other interest bearing liabilities		
Current		
- Loan advances net of deferred costs of raising facility (i)	3,948	2,205
Non-current		
- Loan advances net of deferred costs of raising facility (i)	2,718	1,417

- (i) The loan is a £10m 5 year revolving credit facility provided by Santander UK PLC dated 15 December 2014 to finance lease receivables.

	31 December 2015		30 June 2015	
	Number	\$000	Number	\$000
14. Issued Capital				
<i>Fully Paid Ordinary Shares</i>				
Balance at beginning of financial period	96,227,922	27,838	158,734,857	48,096
Issue of new shares for employee loan-funded share plan	-	-	500,000	-
Cancellation of employee loan-funded shares	(750,000)	-	-	-
Cancellation of shares through buyback	-	-	(63,006,935)	(19,715)
Costs associated to buy-back	-	-	-	(543)
Balance at end of the financial period	95,477,922	27,838	96,227,922	27,838

THINKSMART LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS

15. Operating segments

Information about reportable segments

For the period ended:	UK		Other including Corporate		Total	
	December 2015	December 2014	December 2015	December 2014	December 2015	December 2014
	\$000	\$000	\$000	\$000	\$000	\$000
Revenue	13,108	10,683	21	380	13,129	11,063
Other revenue	1,512	1,251	-	-	1,512	1,251
Total revenue	14,620	11,934	21	380	14,641	12,314
Customer acquisition costs	(1,635)	(2,114)	-	-	(1,635)	(2,114)
Cost of inertia asset sold	(2,217)	(2,598)	-	-	(2,217)	(2,598)
Operating expenses	(4,174)	(3,378)	(1,550)	(1,636)	(5,724)	(5,014)
Depreciation and amortisation	(566)	(239)	(39)	(39)	(605)	(278)
Impairment losses (Note 7(e))	(384)	(205)	-	-	(384)	(205)
Interest expense	(92)	-	-	-	(92)	-
Non-operating strategic review and advisory expenses (Note 8)	-	-	(1,855)	-	(1,855)	-
Reportable segment profit/(loss) before income tax	5,552	3,400	(3,423)	(1,295)	2,129	2,105
	December 2015	June 2015	December 2015	June 2015	December 2015	June 2015
Reportable segment current assets	\$000	\$000	\$000	\$000	\$000	\$000
Reportable segment non-current assets	24,384	22,620	767	3,313	25,151	25,933
Reportable segment liabilities	27,289	25,525	846	313	28,135	25,838
Capital expenditure	14,157	11,854	1,293	408	15,450	12,262
	1,902	1,961	-	1	1,902	1,962

THINKSMART LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS

16. Commitments and contingent liabilities

UK

Under the terms of the UK current funding agreement with Secure Trust Bank, the group is obliged to purchase delinquent leases from the funder at the funded amount. As at 31 December 2015, the total funded amount of all leases funded by the funder is \$50.034m (30 June 2015: \$52.182m). The group has entered into a Financial Guarantee contract with STB for which it has provided a deposit of \$7.579m (30 June 2015: \$8.575m) as collateral for the obligation under the Financial Guarantee contract. The group has recognised a provision against this deposit of \$4.260m (30 June 2015: \$5.269m) being its estimate of the funded amount of these leases that are likely to become delinquent in the future. The group estimates this amount based on historical loss experience for assets with similar characteristics.

The total balance of deposits recognised with funders, net of associated provisions and financial guarantee contracts is \$3.319m (30 June 2015: \$3.306m).

17. Restricted Cash

Included in cash and cash equivalents is \$0.243m (30 June 2015: \$0.436m) which is held as part of the Group's funding arrangements in Australia and the UK and is restricted.

18. Events occurring after balance sheet date

A fully franked dividend of 1.1 cents per share was declared at the board meeting on 24 February 2016 to be paid 21 March 2016 with a Record Date of 7 March 2016.

There has not arisen, in the interval between the end of the financial period and the date of this report, any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

THINKSMART LIMITED
DIRECTORS' DECLARATION

In the opinion of the Directors of ThinkSmart Limited (the "Company"):

- a) the financial statements and notes that are in pages 5 - 15 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the six months period ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



N Montarello
Chairman
Perth, 24 February 2016

THINKSMART LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT

Independent auditor's review report to the members of ThinkSmart Limited

We have reviewed the accompanying condensed interim financial report of ThinkSmart Limited, which comprises the consolidated statement of financial position as at 31 December 2015, consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 18 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of ThinkSmart Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Independent auditor's review report to the members of ThinkSmart Limited

We have reviewed the accompanying condensed interim financial report of ThinkSmart Limited, which comprises the consolidated statement of financial position as at 31 December 2015, consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 18 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of ThinkSmart Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature of the KPMG firm, written in blue ink.

KPMG

A handwritten signature in blue ink, appearing to read 'Denise McComish'.

Denise McComish
Partner

Perth

24 February 2016



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of ThinkSmart Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-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 review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Denise McComish
Partner

Perth

24 February 2016