

**APPENDIX 4D
Half-Year Report
30 June 2013**

**ThinkSmart Ltd
ACN 092 319 698**

Half year ended ("current period")	Half year ended ("previous corresponding period")
30 June 2013	30 June 2012

Results for announcement to the market **\$000**

Consolidated net operating income	down	3.2%	to	17,519
Profit after tax attributable to shareholders	up	143.9%	to	678

	Amount per security	Franked amount per security at 30% tax
Dividends		
Interim dividend - ordinary	cents	-
Prevoius corresponding period		
Interim dividend - ordinary	cents	-

Brief Explanation of Revenue, Net Profit and Dividends

Please refer to the Directors' Report.

Net tangible assets per security

	Current period	Previous corresponding period
Net tangible assets per security	cents	cents
	19.2	19.9

Control gained or lost over entities on the financial year

There have been no changes in ownership of the entities ThinkSmart Limited controlled over the period.

Dividend or distribution reinvestment plans

ThinkSmart Limited did not declare or pay a dividend during the period and the Company does not currently operate a dividend reinvestment plan.

Investment in Associates and Joint Ventures

ThinkSmart Limited does not have a percentage holding in any associates or joint venture entities.

Foreign entities

The consolidated half year report of the Group complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the Internal Accounting Standards Board (IASB).

Audit dispute or disqualification

The half year report has been reviewed by the auditors and is not subject to disputes or qualifications.

For the profit commentary and any other significant information needed by an investor to make an informed assessment of ThinkSmart Limited's results please refer to the accompanying ThinkSmart Limited Interim Financial Report.

THINKSMART LIMITED

INTERIM FINANCIAL REPORT

30 JUNE 2013

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	16
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 30 June 2013 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.

Executive Director

N Montarello (Executive Chairman and Chief Executive Officer)

Non-Executive Directors

D Griffiths (Deputy Chairman)

S Penglis (Non-Executive Director)

F de Vicente (Non-Executive Director)

N Fox (Non-Executive Director) – until 18 March 2013

K Jones (Non-Executive Director) – appointed 24 May 2013

Names, qualifications, experience and special responsibilities

Ned Montarello

Executive Chairman and Chief Executive Officer

Ned was appointed Executive Chairman on 22 May 2010. 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, including JB Hi-Fi and Dick Smith. Ned also steered the expansion of the business into Europe, establishing agreements with DSG International to launch in the UK.

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 as Division Director of Macquarie Bank Limited and previously as Executive Chairman of Porter Western Limited. 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 sits on the Board of the Perth International Arts Festival and is currently Chairman of Automotive Holdings Group Limited. David is currently Chair of the Audit and Risk Committee of ThinkSmart.

Steven Penglis

B. Juris and B. Law

Non-Executive Director

Steven joined the Board on 1 July 2000 and stepped down as Chairman on 6 May 2007. Until 30 September 2012, Steven was a partner of Freehills, having been appointed to the partnership on 1 July 1987. Steven now practises solely as a barrister, specialising in the area of corporate and Corporations Law litigation. He is a part time Senior Member of the Commonwealth Administrative Appeals Tribunal, a former elected member and Chairman of the Legal Practice Board of Western Australia and a former elected member of the Council of the Law Society of Western Australia (having served from 1 January 2002 to 31 December 2012). Steven is currently Chairman of the Nomination & Remuneration Committee of ThinkSmart.

Fernando de Vicente

B. Econ, MBA Bus

Non-Executive Director

Fernando is a citizen of Spain who joined the Board on 7 April 2010. 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 DSG International, one of Europe's largest electrical retailers, where he most recently held the role of International Managing Director, with responsibility for DSG's Central & Southern European operations, a A\$3 billion business with 350 stores across six countries.

THINKSMART LIMITED

DIRECTORS' REPORT

Fernando started his career with DSG as Finance Director for PC City Spain, and became the MD for Spain 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 DSG 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 multinational company dealing in natural stone products.

Keith Jones

MBA Bus

Non-Executive Director

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. At Dixons, Keith was a member of the Group Executive Committee with direct responsibility for all UK and Ireland fascias 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 Manchester Business School.

COMPANY SECRETARY

Alistair Stevens

BA (Hons), ACA

Company Secretary and Chief Financial Officer

Alistair was appointed Company Secretary on 28 March 2012. Alistair is a Chartered Accountant who previously served as Deputy Chief Financial Officer of BSKyB plc, one of the top 30 companies in the UK. Alistair held a number of senior roles at BSKyB plc, including Director of Commercial Finance. Alistair has extensive Board and listed company experience, including in the role of Chairman of the Living TV Group and as Director of companies such as National Geographic (Europe) Limited and The History Channel Limited.

OPERATING AND FINANCIAL REVIEW

Highlights for the six months to 30 June 2013 for ThinkSmart Limited and its subsidiaries ("the Group") include:

- Net profit after tax of \$0.7 million was an increase of \$2.2 million from the equivalent period ending 30 June 2012 (loss of \$1.5 million). This was largely due to continued good progress from the UK operating business, an improved performance from the Australian business and effective cost control across all areas of the Group.
- The UK operating business continued the strong growth trajectory established in 2011. Profit contribution in the six months to 30 June 2013 of \$4.0m was up \$1.0 million (35%) on the same period in 2012. The main driver of this result was good volume growth with new originations increasing by 23% due largely to strong performance from the Infinity product and a promising launch from the new ThinkSmart Business Leasing product. Further, the results of the UK business continue to benefit from good operating leverage.
- The Australian operating business recorded a loss of \$0.9m, an improvement of \$0.8m from the same period in 2012. New originations from the Fido product were \$6.1 million as the Group continued to focus on building out the distribution network for this new product. New originations for RentSmart of \$7.0m reflected an adverse impact from lower price points of computers and computer sales volumes being affected by the high take-up of tablet products. The Group's plans to improve the performance of the RentSmart product involve both the broadening of both distribution (including entering into a new partnership with Kogan, Australia's largest online retailer) and product (including agreeing to launch a new rental product specifically for tablet devices in JB Hi-Fi in September 2013).
- During the period, the Group extended its two most important retail relationships, with the operating agreement with Dixons in the UK extended until 2017 and with JB Hi-Fi in Australia until 2015. The partnership with JB Hi-Fi was also broadened to include the supply of Fido, the Group's "no interest ever" product.
- The Group continues to make positive progress with its funding arrangements. The relationship with Secure Trust Bank in the UK was extended until 2016 with the facility size increased to £60 million, which is expected to be sufficient to fund the requirements of the Group's existing products in the UK until at least the end of 2014. In Australia, as part of the annual review of the Group's securitisation funding facilities, a reduction to the required subordination rate for the Fido product with one funder was secured, an important initial step towards enhancing the Group's capital efficiency. Further, the Group's corporate facility was renewed in June, although the facility was not utilised during the period and remains undrawn at 30 June 2013.

THINKSMART LIMITED
DIRECTORS' REPORT

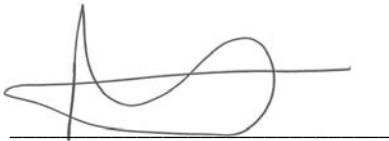
AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 19 and forms part of the directors' report for the half-year ended 30 June 2013.

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:

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, positioned above a solid horizontal line.

N Montarello
Director
Perth, 20 August 2013

Consolidated Statement of Profit and Loss
For the six months ended 30 June 2013

	Notes	30 June 2013 \$000	30 June 2012 \$000
Portfolio income	7(a)	14,478	10,929
Interest expense	7(c)	(1,597)	(1,805)
Net portfolio income		<u>12,881</u>	<u>9,124</u>
Commission income		3,666	6,021
Other revenue	7(b)	972	2,953
Net operating income		<u>17,519</u>	<u>18,098</u>
Indirect customer acquisition cost		(3,391)	(3,871)
Other operating expenses	7(d)	(9,961)	(11,719)
Depreciation and amortisation	7(e)	(1,423)	(1,542)
Impairment losses	7(f)	(1,966)	(2,935)
Profit / (Loss) before tax		778	(1,969)
Income tax (expense) / benefit	6	(100)	423
Profit / (Loss) for the period		<u>678</u>	<u>(1,546)</u>
Earnings / (Loss) per share			
Basic (cents per share)		0.42	(1.1) cents
Diluted (cents per share)		0.42	(1.1) cents

The consolidated statement of profit and loss is to be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2013

	30 June 2013	30 June 2012
Notes	\$000	\$000
Profit / (Loss) for the year	678	(1,546)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss (net of income tax):		
Foreign currency translation differences for foreign operations	937	207
Effective portion of changes in fair value of cash flow hedges	17	61
<i>Total items that may be reclassified subsequently to profit or loss, net of income tax</i>	954	268
Other comprehensive income for the period, net of income tax	954	268
Total comprehensive income for the period, net of income tax	1,632	(1,278)

The consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2013

	Notes	30 June 2013 \$000	31 December 2012 \$000
Current Assets			
Cash and cash equivalents	16	15,639	18,568
Trade receivables		2,284	2,803
Loan and lease receivables	9	37,618	39,164
Other current assets	8	4,042	3,571
Tax recoverable		543	-
Total Current Assets		60,126	64,106
Non-Current Assets			
Loan and lease receivables	9	18,496	23,250
Plant and equipment		721	886
Intangible assets	10	15,436	14,080
Goodwill		3,840	3,627
Deferred tax assets		2,377	2,352
Other non-current assets	11	6,861	6,644
Total Non-Current Assets		47,731	50,839
Total Assets		107,857	114,945
Current Liabilities			
Trade and other payables		6,668	6,641
Deferred service income		3,640	2,977
Other interest bearing liabilities	12	30,798	34,300
Tax payable		822	516
Provisions		740	606
Total Current Liabilities		42,668	45,040
Non-Current Liabilities			
Deferred service income		1,815	1,821
Other interest bearing liabilities	12	13,460	20,063
Total Non-Current Liabilities		15,275	21,884
Total Liabilities		57,943	66,924
Net Assets		49,914	48,021
Equity			
Issued Capital	13	48,092	48,073
Reserves		(1,887)	(3,083)
Accumulated profits		3,709	3,031
		49,914	48,021

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Fully paid ordinary shares	Equity settled employee benefits reserve	Foreign currency translation reserve	Hedging reserve	Accumulated Profit	Attributable to equity holders of the parent
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 January 2012	39,664	770	(4,432)	(208)	4,472	40,266
Loss for the period	-	-	-	-	(1,546)	(1,546)
Exchange differences arising on translation of foreign operations, net of tax	-	-	207	-	-	207
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	61	-	61
Total other comprehensive income	-	-	207	61	(1,546)	(1,278)
Total comprehensive income for the period	-	-	207	61	(1,546)	(1,278)
Transactions with owners of the Company, recognised directly in equity						
<i>Contributions by and distributions to owners of the Company</i>						
Issue of ordinary shares	9,100	-	-	-	-	9,100
Capital raising costs, net of tax	(989)	-	-	-	-	(989)
Recognition of share-based payments	-	140	-	-	-	140
Balance at 30 June 2012	47,775	910	(4,225)	(147)	2,926	47,239
Balance at 1 January 2013	48,073	1,073	(4,066)	(90)	3,031	48,021
Profit for the period	-	-	-	-	678	678
Exchange differences arising on translation of foreign operations, net of tax	-	-	937	-	-	937
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	17	-	17
Total other comprehensive income	-	-	937	17	678	1,632
Total comprehensive income for the period	-	-	937	17	678	1,632
Transactions with owners of the Company, recognised directly in equity						
<i>Contributions by and distributions to owners of the Company</i>						
Recognition of share-based payments	19	242	-	-	-	261
Balance at 30 June 2013	48,092	1,315	(3,129)	(73)	3,709	49,914

The statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows For the six months ended 30 June 2013

		30 June 2013	30 June 2012
	Notes	\$000	\$000
Cash Flows from Operating Activities			
Receipts from customers		29,363	26,238
Payments to suppliers and employees		(25,950)	(15,857)
Interest paid on corporate borrowings		-	(125)
Interest received		285	669
Interest paid on other interest bearing liabilities		(1,022)	(556)
Finance charges		(780)	(813)
Income tax paid		(539)	(2,487)
Payment for security guarantee		(546)	(1,164)
Net cash provided by operating activities		811	5,905
Cash Flows from Investing Activities			
Payments for plant and equipment		(19)	(145)
Payments for intangible assets – Software		(410)	(504)
Payments for intangible assets – Contract rights		(123)	(820)
Payments for leased assets		(5,853)	-
Net cash used in investing activities		(6,405)	(1,469)
Cash Flows from Financing Activities			
Proceeds from share issue	13	-	9,100
Payment of capital raising costs	13	-	(989)
Proceeds from other interest bearing liabilities	12	14,290	4,209
Repayments of other interest bearing liabilities	12	(11,893)	(3,279)
Proceeds of borrowings		-	992
Net cash from financing activities		2,397	10,033
Net (decrease) / increase in cash and cash equivalents		(3,197)	14,469
Effect of exchange rate fluctuations on cash held		268	(48)
Cash and cash equivalents at beginning of the financial year		18,568	4,611
Total cash and cash equivalents at the end of the financial year		15,639	19,032
Restricted cash and cash equivalents at the end of the financial year	16	(10,281)	(13,591)
Net available cash and cash equivalents at the end of the financial year		5,358	5,441

The statement of cash flows is to be read in conjunction with the accompanying notes.

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 30 June 2013 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 Australia and the UK and the supply of interest free payment plans in Australia.

The annual financial report of the consolidated entity as at and for the year ended 31 December 2012 is available upon request from the Company’s registered office at Level 1, 1260 Hay Street, West Perth or at www.thinksmartworld.com.

2. Statement of compliance

The interim financial report is a general purpose 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.

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 year ended 31 December 2012.

This interim financial report was approved by the Board of Directors on 20 August 2013.

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 year ended 31 December 2012.

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 year ended 31 December 2012.

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 year ended 31 December 2012, except for the following standards that came into effect from 1 January 2013:

AASB 10 Consolidated Financial Statements
AASB 11 Joint Arrangements
AASB 12 Disclosure of Interest in Other Entities
AASB 127 Separate Financial Statements
AASB 128 Investments in Associates
AASB 119 Employee benefits
AASB 2011-10 Amendments to Australian Accounting Standards arising from changes to AASB 119
AASB 101 Presentation of Financial Statements
AASB 13 Fair value measurement
AASB 2011-8 Amendments to Australian Accounting Standards arising from changes to AASB 13
AASB 2012-2 Amendments to Australian Accounting Standards arising from changes to AASB 7

The impact of the standards has been assessed by the Company for the half-year and it has been decided that they have no material impact.

THINKSMART LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS

6. Income tax expense

The consolidated entity's consolidated effective tax rate in respect of continuing operations for the six months ended 30 June 2013 was 12.9% (2012: 21.5%). 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.

	30 June 2013	30 June 2012
	\$000	\$000
7. Consolidated Statement of Profit and Loss		
Profit/(loss) is arrived at after crediting/(charging) the following items:		
a) Portfolio income		
Finance lease income	6,676	5,134
Interest revenue – customers	540	54
Interest revenue – other entities	285	457
Surplus unguaranteed residual income	993	1,234
Extended rental income	3,320	2,755
Other inertia income	1,980	928
Fee revenue – customers	684	367
	<u>14,478</u>	<u>10,929</u>
b) Other revenue		
Services revenue – insurance	921	1,636
Services revenue – Dick Smith Warranty contract	-	650
Other revenue	51	667
	<u>972</u>	<u>2,953</u>
c) Interest expense		
Interest expense – corporate banking facilities	-	128
Interest expense – other interest bearing liabilities	1,597	1,677
Total interest expense	<u>1,597</u>	<u>1,805</u>
d) Other operating expenses		
Employee benefits expense	6,656	7,619
Occupancy costs	604	610
Professional services	767	1,478
Finance charges	780	813
Other costs	1,154	1,199
	<u>9,961</u>	<u>11,719</u>
e) Depreciation and amortisation		
Depreciation	193	194
Amortisation	1,230	1,348
	<u>1,423</u>	<u>1,542</u>
f) Impairment losses		
Impairment losses on loan and lease receivables	1,828	3,007
Recoveries from previously written off loan and lease receivables	(133)	(72)
Impairment losses on intangible assets	271	-
Total impairment losses	<u>1,966</u>	<u>2,935</u>

THINKSMART LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS

	Notes	30 June 2013 \$000	31 December 2012 \$000
8. Other Current Assets			
Prepayments		2,828	2,427
Inventories		475	185
Sundry debtors		739	959
		4,042	3,571
9(a). Loan and Lease Receivables			
Current			
Rental receivables (net of GST)		27,138	23,142
Unguaranteed residuals		5,671	4,925
Unearned finance income		(6,971)	(5,561)
Net lease receivables		25,838	22,506
Other lease receivables		12,460	18,452
Loan receivables		4,886	2,020
Allowance for losses		(5,566)	(3,814)
		37,618	39,164
Non-current			
Rental receivables (net of GST)		16,130	15,166
Unguaranteed residuals		1,348	1,248
Unearned finance income		(6,625)	(5,961)
Net lease receivables		10,853	10,453
Other lease receivables		6,357	12,178
Loan receivables		1,286	619
		18,496	23,250
Loan and lease receivables due within 12 months		37,618	39,164
Loan and lease receivables due in greater than 12 months and less than 5 years		18,496	23,250
		56,114	62,414
9(b). Allowance for losses			
		6 Months to 30 June 2013	12 Months to 31 December 2012
Balance at the beginning of the period		3,814	1,589
Impairment loss recognised	7(f)	1,828	4,284
Bad debt written off		(76)	(2,059)
Balance at the end of the period		5,566	3,814

THINKSMART LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS

10. Intangible assets

	Contract rights \$000	Software \$000	Intellectual Property \$000	Inertia Contracts \$000	Total \$000
Net Book Value					
At 31 December 2012	2,785	3,128	241	7,925	14,080
At 30 June 2013	2,287	2,957	225	9,967	15,436

30 June 2013
\$000

31 December 2012
\$000

11. Other Non-Current Assets

Insurance prepayments	1,598	1,564
Deposits held by funders (i)	5,263	5,080
	6,861	6,644

- (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.

12. Other Interest Bearing Liabilities

Current

Loan advances – secured (i)	23,385	18,830
Financial liability – secured (ii)	7,413	15,470
	30,798	34,300

Non-current

Loan advances – secured (i)	6,200	8,373
Financial liability – secured (ii)	7,260	11,690
	13,460	20,063

- (i) A customer financing facility of \$100.0m (31 December 2012: \$100.0m) is reviewed annually, with the next review due in June 2014. Another customer financing facility of \$67.5m (31 December 2012: \$67.5m) is available until December 2016 on an offer and accept basis.
- (ii) The financial liability arises from a contractual obligation the Group has to remit funds to Bendigo and Adelaide Bank arising from a “pass through” arrangement.
- (iii) Bank overdraft facilities of \$5.0m and \$823k (31 December 2012: \$5.0m and \$778k) are reviewed annually, with the next review due in June 2014 and September 2013 respectively. \$nil was drawn down at 30 June 2013 (31 December 2013: \$nil).

30 June 2013
Number

30 June 2013
\$000

13. Issued Capital

Fully Paid Ordinary Shares

Balance at 1 January 2013	159,163,764	48,073
Issue of new shares for employee share-based payments	100,000	19
Balance at end of the financial year	159,263,764	48,092

THINKSMART LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS

14. Operating segments

Information about reportable segments For the six months period ended 30 June	UK		Australia		Other Territories		Corporate		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Portfolio income	4,869	3,356	9,518	7,378	87	162	4	33	14,478	10,929
Interest expense	-	-	(1,597)	(1,679)	-	(1)	-	(125)	(1,597)	(1,805)
Net portfolio income	4,869	3,356	7,921	5,699	87	161	4	(92)	12,881	9,124
Commission income	3,687	3,891	10	2,848	(31)	(718)	-	-	3,666	6,021
Other revenue	966	924	5	1,288	1	741	-	-	972	2,953
Net operating income	9,522	8,171	7,936	9,835	57	184	4	(92)	17,519	18,098
Indirect customer acquisition costs	(2,387)	(1,951)	(1,001)	(1,887)	(1)	(30)	(2)	(3)	(3,391)	(3,871)
Operating expenses	(2,686)	(3,052)	(4,933)	(5,409)	2	(21)	(2,344)	(3,237)	(9,961)	(11,719)
Depreciation and amortisation	(180)	(197)	(1,217)	(1,316)	(26)	(29)	-	-	(1,423)	(1,542)
Impairment losses	(271)	-	(1,695)	(2,934)	-	(1)	-	-	(1,966)	(2,935)
Reportable segment profit/(loss) before income tax	3,998	2,971	(910)	(1,711)	32	103	(2,342)	(3,332)	778	(1,969)

THINKSMART LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS

15. Commitments and contingent liabilities

UK

Under the terms of its current UK funding agreement, the Group is obliged to purchase delinquent leases from the funder at the funded amount plus any commission previously received. At 30 June 2013, the total funded amount of all leases funded by the funder is \$50.330m (31 December 2012: \$42.455m). The Group has entered into a Credit Default Swap (CDS) with STB for which it has provided a deposit of \$7.994m (31 December 2012: \$6.995m) as collateral for the obligation under the funding agreement and CDS. The Group has provided \$2.669m (31 December 2012: \$1.881m) which includes some estimation uncertainty as it requires an estimate of the future amount potentially payable for those 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.

16. Restricted Cash

Included in cash and cash equivalents is \$10.281m (31 December 2012: \$12.560m and 30 June 2012: \$13.591m) which is held as part of the Group's funding arrangements in Australia and the UK and is restricted.

17. Contingent Inertia assets

Under the Group's accounting policy, inertia revenue for those assets funded prior to March 2010 under the brokerage model in the UK, where the Group does not have an unconditional right to the asset and residual lease rights, is not recognised until the conclusion of the initial rental period. At this point, the Group is entitled to acquire the equipment from the funders at a nominal value, and the equipment can be disposed of, or continue to be rented to third parties. The Group does not have control over these future revenue streams and accordingly the revenue is not brought to account until it is received. An estimate of the realisable value of the future revenue streams of \$0.455m (31 December 2012; \$0.939m) has been made by estimating expected proceeds through sales channels and public auction.

Where the Group does have an unconditional right to these future revenue streams it recognises an intangible asset at the lease inception date.

18. Events occurring after balance sheet date

Issue of shares and options

On 4 July 2013, the Company issued 3,243,333 ordinary shares to members of ThinkSmart's Australian senior management team. These shares will be held in trust for 3 years from 4 July 2013 and are subject to the Performance Conditions of the ThinkSmart Employee Long Term Incentive Plan.

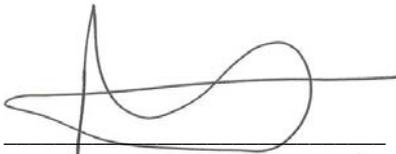
On 4 July 2013, the Company issued 750,000 options to certain members of its UK management team, each conferring the right to be issued an ordinary ThinkSmart share at an exercise price of \$0.2650 and expiring on 3 July 2018, which are also subject to the Performance Conditions of the ThinkSmart Employee Long Term Incentive Plan.

THINKSMART LIMITED
DIRECTORS' DECLARATION

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

- a) the financial statements and notes that are in page 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 30 June 2013 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:

A handwritten signature in black ink, consisting of a series of loops and curves, positioned above a horizontal line.

N Montarello
Director
Perth, 20 August 2013



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

We have reviewed the accompanying interim financial report of ThinkSmart Limited, which comprises the consolidated statement of financial position as at 30 June 2013, 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 30 June 2013 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 30 June 2013 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*.

KPMG

KPMG



Matthew Beevers
Partner

Perth, WA

20 August 2013



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 30 June 2013 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

KPMG

Matthew Beevers
Partner

Perth, WA

20 August 2013