APPENDIX 4D
Half-Year Report
30 June 2012

ThinkSmart Ltd
ACN 092 319 698

Results for announcement to the market

Extracts from the income statement

	Half-Year		Change	
	2012	2011		
	$	$	$	**%**
Revenue from ordinary activities	**19,233,395**	21,814,575	(2,581,180)	(12%)
(Loss) / Profit from ordinary activities after tax attributable to members	**(1,545,894)**	2,884,834	(4,430,728)	(154%)
Net (Loss) / Profit for the period attributable to members	**(1,545,894)**	2,884,834	(4,430,728)	(154%)

Dividends declared per ordinary share	Amount per security	Franked amount per security
Current period - 2012 N/A	-	-
Previous corresponding period - 2011 Final 2011 dividend	-	-

Brief Explanation of Revenue, Net Profit and Dividends
Please refer to the Directors' Report.

Net tangible assets per security

	Half-Year	
	2012	2011
	cents	cents
Net tangible assets per security	**19.9**	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.

THINKSMART LIMITED

INTERIM FINANCIAL REPORT

30 JUNE 2012

ABN 24 092 319 698

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The directors present their report together with the interim financial report for the half-year ended 30 June 2012 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.

N R Montarello
Executive Chairman and Chief Executive Officer, aged 51, joined the board on 7 April 2000.

D Griffiths
Non-Executive Director, aged 61, is an economist who joined the board on 28 November 2000.

S Penglis
Non-Executive Director, legal practitioner, aged 52, joined the board on 1 July 2000.

F De Vicente
Non-Executive Director, retail industry director, aged 45, joined the board on 7 April 2010.

N Fox
Non-Executive Director, investment banker, aged 55, joined the board on 10 October 2011.

COMPANY SECRETARY

J Ferreira (resigned 28 March 2012)
A Stevens (appointed 28 March 2012)

REVIEW AND RESULTS OF OPERATIONS

Highlights for the half-year include:

- The net loss after tax of $1.5 million, represents a decrease of $4.4 million from the equivalent six month period ending June 2011 (profit of $2.9 million). This is largely due to the adoption of lease accounting for the majority of new business sales originated in Australia, lower originations from the Australian rental business due to challenging sector conditions and an increase in costs associated with the implementation of the Group's diversification strategy in both its main territories.
- The performance of "RentSmart", the Group's rental product in Australia, was adversely impacted by challenging conditions in the electronic retailer sector. Deep discounting of products by retailers was the key reason for a decline in the average value of each transaction.
- During the six month period to 30 June 2012, the Group launched "Fido", a payment plan product in Australia, and ThinkSmart Business Leasing, a business-to-business rental product in the UK. Both products extend and diversify the products and customers of the Group and are expected to be important sources of growth in the medium term.
- The UK business delivered record levels of profit and new business sales. Total new business sales were 63% higher than the same six month period in 2011.
- During March 2012, ThinkSmart Limited announced the completion of a fully underwritten 1 for 5 accelerated non renounceable Entitlement Offer. This offer, which raised approximately $9 million (before costs) comprised an institutional component, which raised approximately $3 million, and a retail component of approximately $6 million.

- During the period, the Group completed the transition to a securitised funding platform for its Australian business. The benefits of securitisation include the access to wider sources of funding and lower overall cost of funds. All rental contracts within this structure are lease accounted. This change has impacted the Group's Consolidated Statement of Financial Position at 30 June 2012 as it now includes the asset (within "Lease receivables", as set out in Note 12) and liabilities (in "Other interest bearing liabilities", as set out in Note 13) associated with the lease contracts. As part of finalising the securitisation platform, the Group also re-structured an existing funding agreement which also has the effect of changing the structure of the Group's Consolidated Statement of Financial Position and this is set out in Notes 14 and 15. As a result of these transactions the Group is expected to have finalised its funding structures in Australia and no further changes are expected until at least 2015 when the first of the facilities are due for renewal.

Events occurring after balance sheet date

Issue of shares and share options
On 10 August 2012, the Company issued 3,033,333 ordinary shares to members of ThinkSmart's Australian senior management team. These shares will be held in trust for 3 years from 10 August 2012 and are subject to the Performance Conditions of the ThinkSmart Employee Long Term Incentive Plan, which was approved at its Annual General Meeting on 24 May 2012.

On 10 August 2012, the Company issued 400,000 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 $0.1923 and expiring on 9 August 2017, which are also subject to the Performance Conditions of the ThinkSmart Employee Long Term Incentive Plan.

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

The lead auditor's independence declaration is set out on page 18 and forms part of the directors' report for the half-year ended 30 June 2012.

Signed in accordance with a resolution of the directors:

N Montarello
Director
Perth, 21 August 2012

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2012

	Notes	30 June 2012 $	30 June 2011 $
Revenue	7	19,233,395	21,814,575
Employee benefits expense		(7,619,125)	(6,959,705)
Indirect customer acquisition costs		(3,870,642)	(5,152,600)
Occupancy costs		(610,229)	(588,902)
Impairment losses on finance leases and receivables	12	(2,934,675)	(113,152)
Professional services		(1,477,980)	(752,013)
Other costs		(1,284,385)	(1,433,894)
Finance revenue		669,246	491,165
Finance costs		(2,459,898)	(1,759,396)
Depreciation		(194,216)	(277,739)
Foreign exchange (loss) / gain		(72,634)	24,172
Restructuring costs		-	(234,448)
(Loss) / Earnings before tax and amortisation (EBTA)		**(621,143)**	**5,058,063**
Amortisation of intangibles		(1,347,842)	(694,751)
(Loss) / Profit before tax		**(1,968,985)**	**4,363,312**
Income tax benefit / (expense)		423,091	(1,478,478)
(Loss) / Profit for the period		**(1,545,894)**	**2,884,834**
Other comprehensive income			
Foreign currency translation differences for foreign operations		206,730	(146,523)
Effective portion of changes in fair value of cash flow hedges		60,949	-
Other comprehensive income for the period, net of income tax		**267,679**	**(146,523)**
Total comprehensive income for the period, net of income tax		**(1,278,215)**	**2,738,311**
(Loss) / Earnings per share			
Basic (cents per share)		(1.1) cents	2.2 cents
Diluted (cents per share)		(1.1) cents	2.2 cents

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

Consolidated Statement of Financial Position
As at 30 June 2012

	Notes	30 June 2012 $	31 December 2011 $
Current Assets			
Cash and cash equivalents	15	19,032,518	4,610,532
Trade and other receivables		3,365,859	11,102,753
Lease receivables	12	40,223,471	38,419,290
Inventories		58,202	57,672
Prepayments		4,503,297	3,335,775
Other		33,051	771,029
Total Current Assets		67,216,398	58,297,051
Non-Current Assets			
Deposits held by funders		3,973,415	5,175,350
Prepayments		-	1,601,516
Plant and equipment		835,115	873,638
Intangibles		12,669,808	10,688,825
Goodwill		3,571,144	3,538,625
Lease receivables	12	28,371,334	28,006,496
Deferred tax assets		1,173,440	-
Total Non-Current Assets		50,594,256	49,884,450
Total Assets		117,810,654	108,181,501
Current Liabilities			
Trade and other payables		4,828,163	6,903,386
Deferred service income		2,110,639	1,379,848
Borrowings		3,418,566	2,426,713
Other interest bearing liabilities	13	35,934,777	36,731,444
Tax payable		96,117	1,607,325
Provisions		613,715	510,805
Total Current Liabilities		47,001,977	49,559,521
Non-Current Liabilities			
Deferred service income		1,546,488	1,191,573
Other interest bearing liabilities	13	22,022,736	16,990,940
Deferred tax liability		-	173,293
Total Non-Current Liabilities		23,569,224	18,355,806
Total Liabilities		70,571,201	67,915,327
Net Assets		47,239,453	40,266,174
Equity			
Issued Capital	11	47,775,030	39,663,558
Reserves		(3,461,875)	(3,869,576)
Accumulated profits		2,926,298	4,472,192
		47,239,453	40,266,174

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

Consolidated Statement of Cash Flows
For the six months ended 30 June 2012

	Notes	30 June 2012 $	30 June 2011 $
Cash Flows from Operating Activities			
Receipts from customers		27,359,018	22,113,140
Payments to suppliers and employees		(15,856,573)	(9,845,270)
Interest paid on corporate borrowings		(125,313)	(465,040)
Interest received		669,246	491,166
Interest paid on other interest bearing liabilities		(217,745)	(123,368)
Finance charges		(2,272,480)	(861,985)
Income tax paid		(2,487,269)	(641,997)
Payment for security guarantee		(1,163,632)	(3,416,830)
Net cash provided by operating activities		5,905,252	7,249,816
Cash Flows from Investing Activities			
Payments for plant and equipment		(144,588)	(177,092)
Payment for lease assets		-	(36,860,707)
Payment for intangible assets - software		(504,132)	(699,793)
Payment for intangible assets - funding agreements		(820,331)	(1,858,146)
Net cash used in investing activities		(1,469,051)	(39,595,738)
Cash Flows from Financing Activities			
Proceeds from share issue	11	9,100,364	-
Payment of capital raising costs	11	(988,892)	(12,993)
Proceeds from other interest bearing liabilities	13	4,209,052	26,490,000
Repayment of other interest bearing liabilities	13	(3,278,782)	(2,558,626)
Payment of costs of establishing financing facilities		-	(582,279)
Proceeds from borrowings		991,852	2,500,000
Repayment of borrowings		-	(2,489,944)
Dividend paid	8	-	(4,545,779)
Net cash from financing activities		10,033,594	18,800,379
Net increase / (decrease) in cash and cash equivalents		14,469,795	(13,545,543)
Effect of exchange rate fluctuations on cash held		(47,809)	(84,671)
Cash and cash equivalents at beginning of the financial year		4,610,532	21,186,022
Total cash and cash equivalents at the end of the financial year		19,032,518	7,555,808
Restricted cash and cash equivalents at the end of the financial year	15	(13,591,397)	(937,703)
Net available cash and cash equivalents at the end of the financial year		5,441,121	6,618,105

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

Consolidated Statement of Changes in Equity
For the six months ended 30 June 2012

	Fully paid ordinary shares	Equity settled employee benefits reserve	Foreign currency translation reserve	Hedging reserve	Accumulated profit / (losses)	Attributable to equity holders of the parent
	$	$	$	$	$	$
Balance at 1 January 2011	39,615,239	230,950	(4,366,686)	-	2,219,624	37,699,127
Profit for the period	-	-	-	-	2,884,834	2,884,834
Other comprehensive income						
Foreign currency translation differences	-	-	(146,523)	-	-	(146,523)
Total comprehensive income for the period	-	-	(146,523)	-	2,884,834	2,738,311
Contributions by and distributions to owners						
Recognition of share-based payments	-	215,111	-	-	-	215,111
Capital raising costs	(12,993)	-	-	-	-	(12,993)
Dividend paid	-	-	-	-	(4,545,779)	(4,545,779)
Total contributions by and distributions to owners	(12,993)	215,111	-	-	(4,545,779)	(4,343,661)
Balance at 30 June 2011	39,602,246	446,061	(4,513,209)	-	558,679	36,093,777
Balance at 1 January 2012	39,663,558	769,717	(4,431,242)	(208,051)	4,472,192	40,266,174
Loss for the period	-	-	-	-	(1,545,894)	(1,545,894)
Other comprehensive income						
Foreign currency translation differences	-	-	206,730	-	-	206,730
Effective portion of changes in fair value of cash flow hedges	-	-	-	60,949	-	60,949
Total comprehensive income for the period	-	-	206,730	60,949	(1,545,894)	(1,278,215)
Contributions by and distributions to owners						
Recognition of share-based payments, net of tax	-	140,022	-	-	-	140,022
Issue of ordinary shares	9,100,364	-	-	-	-	9,100,364
Capital raising costs, net of tax	(988,892)	-	-	-	-	(988,892)
Total contributions by and distributions to owners	8,111,472	140,022	-	-	-	8,251,494
Balance at 30 June 2012	47,775,030	909,739	(4,224,512)	(147,102)	2,926,298	47,239,453

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

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 2012 comprises the Company and its subsidiaries (together referred to as the "consolidated entity" or "the Group").

The annual financial report of the consolidated entity as at and for the year ended 31 December 2011 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 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 2011.

This interim financial report was approved by the Board of Directors on 21 August 2012.

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 2011.

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 2011.

5. Financial risk management

The consolidated entity's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 31 December 2011.

6. Income tax expense

The consolidated entity's consolidated effective tax rate in respect of continuing operations for the six months ended 30 June 2012 was 21.5% (2011: 33.9%). The difference in effective tax rate from the prima facie rates applicable (of approximately 26.8% on a blended rate basis) is mainly due to deferred tax assets not being recognised on tax losses incurred during the current 6 month period in Italy and France as future tax benefits are not anticipated with which to utilise these against.

7. Revenue

	30 June 2012 $	30 June 2011 $
Commission income from funders	6,703,076	9,511,268
Surplus unguaranteed residual income	2,162,112	2,340,695
Extended rental income	2,754,896	3,269,985
Finance lease income	5,547,758	1,461,049
Services revenue - insurance and warranty	1,391,390	4,785,971
Other revenue	674,163	445,607
	19,233,395	21,814,575

8. Dividend

The following dividends were declared and paid by the Group:

	Franking	2012 $	2011 $
During the six months ended 30 June			
Nil cents per ordinary share (2011: 3.5 cents per ordinary share)	45%	-	4,545,779

9. Reclassification of items of income and expense

As set out in note 6(f) to the annual accounts of the Group dated 31 December 2011, certain items of income and expense were reclassified in order to better reflect their nature. To enable comparison with the reclassified items, the comparative numbers for the period ending 30 June 2011 have been reclassified as set out below.

	Period ending 30 June 2011	**Movement 2011**	**Comparative Restated 2011**
	$	**$**	**$**
Revenue	21,814,575		21,814,575
Employee benefits expense	(5,439,056)	(1,520,649)	(6,959,705)
Indirect customer acquisition cost	-	(5,152,600)	(5,152,600)
Sales and marketing costs	(4,936,183)	4,936,183	-
Occupancy costs	(587,337)	(1,565)	(588,902)
IT and communication costs	(290,816)	290,816	-
Doubtful and bad debts	(113,152)	113,152	-
Impairment losses on finance leases and receivables	-	(113,152)	(113,152)
Professional services	-	(752,013)	(752,013)
Legal and consulting costs	(445,158)	445,158	-
Credit bureau costs	(383,348)	383,348	-
Corporate development costs	(1,872,429)	1,872,429	-
Insurance costs	(121,178)	121,178	-
Other costs	(811,609)	(622,285)	(1,433,894)
Finance revenue	491,165	-	491,165
Finance costs	(1,759,396)	-	(1,759,396)
Depreciation expense	(277,739)	-	(277,739)
Foreign exchange loss	24,172	-	24,172
Restructuring costs	(234,448)	-	(234,448)
Earnings before tax and amortisation (EBTA)	**5,058,063**	**-**	**5,058,063**

10. Segment reporting

Operating Segments	Europe		Australasia - Leasing		Australasia - Other		Total	
Information about reportable segments	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
For the six months period ended 30 June	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
External revenues	7,957,136	7,672,101	2,586,693	1,461,049	8,689,566	12,681,425	19,233,395	21,814,575
Inter-segment revenue	21,820	-	481,967	-	606,618	467,529	1,110,405	467,529
Reportable segment profit before income tax	1,791,015	1,006,630	1,258,725	-	(4,209,603)	5,444,710	(1,159,863)	6,451,340
Reconciliation of reportable segment profit or loss								
Total profit or loss for reportable segments							(1,159,863)	6,451,340
Elimination of inter-segment profits							-	(9,866)
Unallocated corporate expenses							(809,122)	(2,078,162)
Consolidated (loss) / profit before tax							(1,968,985)	4,363,312
As at 30 June 2012 and 31 December 2011								
Reportable segment assets	22,047,720	18,343,896	95,454,938	77,848,632	-	12,686,329	117,502,658	108,878,857

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 31 December 2011.

11. Share capital

	Number	$
Fully Paid Ordinary Shares		
Balance at 1 January 2012	130,004,390	39,663,558
Issue of new shares following exercise of entitlement offer	26,001,041	9,100,364
Adjustment for capital raising costs	-	(988,892)
Balance at 30 June 2012	156,005,431	47,775,030

12. Lease receivables

	30 June 2012 $	31 December 2011 $
Current		
Gross rental receivables (net of GST)	17,305,948	17,267,656
Unguaranteed residuals	3,073,980	2,816,500
Unearned finance income	(3,918,155)	(2,385,368)
Net lease receivables	16,461,773	17,698,787
Other lease receivables	26,137,540	21,583,587
Allowance for losses	(2,375,842)	(863,084)
	40,223,471	**38,419,290**
Non-current		
Gross rental receivables (net of GST)	7,945,372	8,870,371
Unguaranteed residuals	1,325,334	1,463,275
Unearned finance income	(1,903,485)	(1,239,286)
Net lease receivables	7,367,221	9,094,360
Other lease receivables	21,729,140	19,637,163
Allowance for losses	(725,027)	(725,027)
	28,371,334	**28,006,496**
Lease receivables due within 12 months	40,223,471	38,419,290
Lease receivables due in greater than 12 months	28,371,334	28,006,496
	68,594,805	66,425,786

During the second half of 2011, the Group progressed the acquisition of lease receivables originated under an existing brokerage arrangement with Bendigo and Adelaide Bank (“BEN”). The acquisition was subject to APRA approval. On 22 December 2011, agreement was reached with BEN resulting in the rights to the lease receivables held by BEN being assigned to the Group effective 1 October 2011. This was accounted for as a “pass through” arrangement under AASB 139 *Financial Instruments: Recognition and Measurement* whereby the risks and rewards of the underlying finance lease receivables were transferred to the Group. Subsequent to 31 December 2011, the APRA approval being sought was not granted. On 28 June 2012, the Group renegotiated the funding agreement maintaining the rights to the lease receivables which were the subject of the 22 December 2011 agreement, and also acquired the rights to lease receivables originated between 1 October 2011 and 28 March 2012. This acquisition is also recognised as a “pass through” arrangement. The liabilities relating to the acquired rights to lease receivables are set out in Note 13.

13. Other interest bearing liabilities

	30 June 2012	31 December 2011
	$	$
Current		
Loan advances - secured (i)	13,492,774	14,929,538
Financial liability - secured (ii)	22,442,003	21,801,906
	35,934,777	**36,731,444**
Non-Current		
Loan advances - secured (i)	567,281	2,300,084
Financial liability - secured (ii)	21,455,455	14,690,856
	22,022,736	**16,990,940**

(i) The loans are provided in the form of notes in a series of ThinkSmart Trust. The notes are secured by all payments receivable in respect of the underlying lease receivable contracts assigned to the relevant series of ThinkSmart Trust and pay down in line with the repayments of the underlying leases.

(ii) The financial liability arises from a contractual obligation the Group has to remit funds to Bendigo and Adelaide Bank arising from the "pass through" arrangement. The obligation is secured by all payments receivable in respect of the underlying lease receivable contracts subject to the "pass through" arrangement and pay down in line with the repayments of the underlying leases.

14. Commitments and contingent liabilities

Australia

Under the terms of its Australian non-SPE funding agreement the Group had deposits held by the funder as credit support for the portfolio of leases funded by the funder. These deposits represented amounts held in excess of expected future losses, however the Group had a potential risk that, if losses exceeded expected levels and alternate remedies were not made, a portion of these deposits would have been forfeited. As at 31 December 2011, the maximum amount of funder deposits that the Group could have potentially forfeited in the future was $1,241,296. During June 2012, the Group renegotiated this funding agreement to provide a different method of credit support, releasing all previous deposits held.

UK

Under the terms of its current UK funding agreement with Secure Trust Bank (STB), the Group is obliged to purchase delinquent leases from the funder at the funded amount plus any commission previously received. At 30 June 2012, the total funded amount of all leases funded by the funder is $35,904,203 (31 December 2011: $25,952,670). The Group has entered into a Credit Default Swap (CDS) with STB for which it has provided a deposit of $5,510,038 (31 December 2011: $4,395,872) as collateral for the obligation under the funding agreement and CDS. The Group has provided $1,522,228 (31 December 2011: $1,365,930) being its estimate of the amount potentially payable for those leases that are likely to become delinquent in the future.

The total balance of deposits recognised with funders, net of associated provisions and financial guarantee contracts, is $3,973,415 (31 December 2011: $5,175,350).

15. Restricted cash

Included in cash and cash equivalents is $13,591,397 (31 December 2011: $2,028,210 and 30 June 2011: $937,703) which is held as part of the Group's funding arrangements in Australia and the UK and is restricted. Included within restricted cash is $8,673,578 (31 December 2011: $nil) of deposits held as a loss reserve against the performance of lease assets within the funding agreement which was finalised in June 2012 and is described in note 12.

16. Contingent assets

Under the Group’s accounting policy, inertia revenue for those assets funded under the brokerage model, 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. Where the Group does have an unconditional right to these future revenue streams it recognises an intangible asset. An estimate of its realisable value has been made by estimating expected proceeds through sales channels and public auction. The after-tax cash flows from rental are discounted using appropriate risk factors. The estimated value of future cash flows is $1,131,719 (31 December 2011: $1,794,114), representing the discounted after tax value of assets as determined by reference to auction sales history.

17. Events occurring after balance sheet date

Issue of shares and share options

On 10 August 2012, the Company issued 3,033,333 ordinary shares to members of ThinkSmart’s Australian senior management team. These shares will be held in trust for 3 years from 10 August 2012 and are subject to the Performance Conditions of the ThinkSmart Employee Long Term Incentive Plan. The Company’s Long Term Incentive Plan was approved at its Annual General Meeting on 24 May 2012.

On 10 August 2012, the Company issued 400,000 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 $0.1923 and expiring on 9 August 2017, which are also subject to the Performance Conditions of the ThinkSmart Employee Long Term Incentive Plan.

THINKSMART LIMITD
DIRECTORS' DECLARATION

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

a) the financial statements and notes that are in page 4 - 14 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 2012 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
Director
Perth, 21 August 2012

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 2012, 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 17 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 ThinkSmart Limited 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 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 2012 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 2012 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

21 August 2012

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 2012 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

21 August 2012