
Market Announcement Office**ASX Limited****Date:** 30 January 2018**Mayfield Childcare Limited (ASX:MFD) Preliminary results for the full year ended
31 December 2017**

Mayfield Childcare Limited is delighted to announce an NPAT of \$3.42 mil for its first full year of trading for the 2017 calendar year. While marginally down against Prospectus Forecast of \$3.48 mil, the result reflects an outstanding achievement in what has been a challenging year for the sector.

Following the successful establishment and integration of the Mayfield business and childcare centres in the first half of 2017, the company has delivered strong operational performance in the second half, shaping what is a sound, scalable and robust business, set for strong future growth.

During the year Mayfield acquired three additional centres, all from cash reserves, and has begun to develop new revenue streams from its managed services business. Mayfield will seek further acquisitions in CY2018 adding to shareholder value.

Mayfield has met all of its loan covenants with Westpac Banking Corporation. Solid cash flows continue to underpin the business, which, coupled with conservative gearing, provides adequate capacity to fund future acquisitions.

The Mayfield Board is proud to confirm its maiden dividend, as outlined in the Prospectus Forecast, of 7.65 cents per share. The dividend will be paid on 29 March 2018 and will be fully franked, for those investors registered as holding shares in Mayfield as at 7 March 2018.

As previously advised, the Board recommends your consideration of the Dividend Reinvestment Plan (DRP). Shareholders who elect to take shares instead of cash under the DRP will receive shares at a discount of 5% to the share price based on the volume weighted average share price over the 15 days from 15 February to 7 March 2018 inclusive.

Overall it has been a very rewarding year for the Board and Management of Mayfield. We have established the business and operational platforms, invested in our people and our physical assets, extracted operational cost efficiencies, acquired new centres and developed new revenue streams and, most importantly, driven quality and compliance throughout the company. This has all flowed into our operational results, allowing us to deliver on our commitments to shareholders.



Dean Clarke
Chief Executive Officer



Peter Lowe
Chairman

ASX Preliminary Final Report

Year ended 31 December 2017

Lodged with the ASX under Listing Rule 4.3A

Contents

	Page
Results for announcement to the market	2
Net tangible assets	3
Control over other entities	3
Associates and joint venture entities	3
Compliance statement	3
Preliminary financial statements	
Preliminary statement of profit or loss and other comprehensive income	5
Preliminary statement of financial position	6
Preliminary statement of changes in equity	7
Preliminary statement of cash flows	8
Notes to and forming part of the preliminary financial statements	9

Company details

Name of reporting entity:	Mayfield Childcare Limited ("Mayfield", "Company")
ABN:	53 604 970 390
Reporting period:	Year ended 31 December 2017
Previous corresponding reporting period:	Period ended 31 December 2016 *

* Mayfield commenced trading on 28 November 2016, a period of approximately 5 weeks.

Results for announcement to the market

	Movement	%	\$
Revenue from ordinary activities	Up	Not comparable	27,117,031
Profit after tax attributable to members	Up	Not comparable	3,419,390
Net Profit for the period attributable to members	Up	Not comparable	3,419,390

<i>Dividend type</i>	<i>Amount per security (cents)</i>	<i>Franked amount per security (cents)</i>
Final dividend	7.65	7.65
Interim dividend	None	Not applicable

Dividend reinvestment plan

The Company has implemented a Dividend Reinvestment Plan ('DRP'), shareholder participation in which is optional. The Board has determined that the DRP will apply to the final dividend declared today. Shares issued under the DRP in relation to this final dividend will be issued at a 5% discount to the volume weighted average market price for the 15 trading days from 15 February to 7 March 2018 inclusive.

Brief explanation of results

Please refer to the accompanying announcement.

Net tangible assets

	<i>Reporting period Cents</i>
Net tangible assets per ordinary security	(30.49)

Control over other entities

No control was gained or lost over any entity during the reporting period. Refer to Note 8 of the notes to and forming part of the preliminary financial statements for details of childcare centre businesses purchased during the reporting period.

Associates and joint venture entities

The Company has no associates, nor has it formed any joint ventures with any other entity/s during the reporting period.

Compliance statement

This report is based on accounts which are in the process of being audited.

Mayfield Childcare Limited

ABN: 53 604 970 390

Preliminary Financial Report

Year ended 31 December 2017

PRELIMINARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2017

	<i>Note</i>	2017 (unaudited) \$	2016 \$
Revenue		27,117,031	2,288,185
Expenses			
Employees		(16,440,238)	(1,443,881)
Facilities		(3,643,065)	(315,732)
Centre operations		(1,390,002)	(121,781)
Administration		(395,226)	(81,094)
Acquisition costs		(59,268)	(1,257,025)
Integration costs		(29,067)	(207,793)
Initial listing costs		(27,333)	(248,727)
Depreciation and amortisation		(57,240)	(14,901)
Finance costs		(330,152)	(29,949)
Profit/(loss) before income tax		4,745,440	(1,432,698)
Income tax (expense)/benefit		(1,326,050)	184,607
Profit/(loss) after income tax for the year entirely attributable to the owners of Mayfield Childcare Limited		3,419,390	(1,248,091)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive expense for the year entirely attributable to the owners of Mayfield Childcare Limited		3,419,390	(1,248,091)
		Cents	Cents
Basic earnings per share	9	11.40	(4.16)
Diluted earnings per share	9	11.40	(4.16)

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

PRELIMINARY STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	<i>Note</i>	2017 (unaudited) \$	2016 \$
ASSETS			
Current assets			
Cash and cash equivalents		1,539,166	1,410,473
Trade and other receivables		764,292	1,114,475
Other		289,060	287,280
Total current assets		2,592,518	2,812,228
Non-current assets			
Plant and equipment	2	451,680	1,160,515
Intangibles	3	32,943,065	27,018,231
Deferred tax		364,452	234,360
Other		5,844	-
Total non-current assets		33,765,041	28,413,106
Total Assets		36,357,559	31,225,334
LIABILITIES			
Current liabilities			
Trade and other payables	4	2,427,938	2,019,793
Borrowings	5	15,295	4,635
Current tax liabilities		1,386,879	49,753
Provisions	6	747,063	278,226
Total current liabilities		4,577,175	2,352,407
Non-current liabilities			
Borrowings	5	7,532,018	7,480,212
Provisions	6	88,110	613,158
Total non-current liabilities		7,620,128	8,093,370
Total Liabilities		12,197,303	10,445,777
Net Assets		24,160,256	20,779,557
EQUITY			
Contributed equity	7	21,989,690	22,028,381
Retained earnings/(accumulated losses)		2,170,566	(1,248,824)
Total Equity		24,160,256	20,779,557

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

PRELIMINARY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

	Share Capital \$	Retained Earnings \$	Total \$
2016			
Balance as at 1 January 2016	710	(670)	40
Loss after income tax benefit for the period	-	(1,248,154)	(1,248,154)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive expense for the period	710	(1,248,824)	(1,248,114)
<i>Transactions with owners in their capacity as owners</i>			
Contributions of equity, net of transaction costs	22,027,671	-	22,027,671
Balance as at 31 December 2016	22,028,381	(1,248,824)	20,779,557
2017 (unaudited)			
Profit after income tax expense for the year	-	3,419,390	3,419,390
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	3,419,390	3,419,390
<i>Transactions with owners in their capacity as owners</i>			
Contributions of equity, net of transaction costs	(38,691)	-	(38,691)
Balance as at 31 December 2017	21,989,690	2,170,566	24,160,256

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

PRELIMINARY STATEMENT OF CASH FLOWS
For the year ended 31 December 2017

	2017 (unaudited) \$	2016 \$
Cash flows from operating activities		
Receipts from customers, including government funding	26,192,518	1,660,616
Payments to suppliers and employees	(21,063,238)	(1,405,345)
	5,129,280	255,271
Other receipts	15,724	-
Net interest paid	(329,486)	(28,616)
Income tax paid	(49,755)	-
Net cash inflow from operating activities	4,765,763	226,655
Cash flows from investing activities		
Payments for purchase of businesses plus associated costs	(4,331,214)	(25,019,715)
Payments for plant and equipment	(240,109)	(46,762)
Net cash outflow from investing activities	(4,571,323)	(25,066,477)
Cash flows from financing activities		
Proceeds from issue of shares	340,000	20,761,085
Proceeds from borrowings	-	7,628,964
Share issue costs	(366,471)	(1,681,087)
Payment of public company initial listing costs	(28,252)	(232,917)
Repayment of borrowings	(11,024)	(180,750)
Payment of borrowing costs	-	(45,000)
Net cash inflow from financing activities	(65,747)	26,250,295
Net increase in cash and cash equivalents	128,693	1,410,473
Cash and cash equivalents at the beginning of the year	1,410,473	-
Cash and cash equivalents at the end of the year	1,539,166	1,410,473

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

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

For the year ended 31 December 2017

Note 1. Summary of Significant Accounting Policies

There have been no material changes in the Company's application of its significant accounting policies as presented in the Company's financial statements for the period ended 31 December 2016. Readers of this report should refer to Note 1, Summary of significant accounting policies, in the afore-mentioned financial statements for details of these accounting policies.

	2017 (unaudited) \$	2016 \$
Plant and equipment – at cost	523,821	1,175,416
Less: Accumulated depreciation	(72,141)	(14,901)
Net book amount	<u>451,680</u>	<u>1,160,515</u>

Reconciliation

Opening net book amount	1,160,515	-
Additions through business combinations	30,000	1,072,853
Adjustments from prior period business combinations	(988,903)	-
Additions	307,308	102,563
Depreciation expense	(57,240)	(14,901)
Balance at end of year	<u>451,680</u>	<u>1,160,515</u>

Note 3. Non-current assets – Intangibles

Goodwill – at cost	<u>32,943,065</u>	<u>27,018,231</u>
<u>Reconciliation</u>		
Balance at beginning of year	27,018,231	-
Additions through business combinations	5,455,931	27,018,231
Adjustments from prior period business combinations	988,903	-
Additional purchase consideration (earn-out) adjustment	(520,000)	-
Balance at end of year	<u>32,943,065</u>	<u>27,018,231</u>

Note 4. Current liabilities – Trade and other payables

Trade and other payables	<u>2,427,938</u>	<u>2,019,793</u>
--------------------------	-------------------------	------------------

Trade and other payables includes an amount, net of settlement adjustments, of \$1,215,615 owed to childcare business vendor at year end (2016 – Nil).

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
For the year ended 31 December 2017

	2017 (unaudited) \$	2016 \$
Note 5. Current & Non-current liabilities – Borrowings		
Loans		
Non-current	<u>7,448,214</u>	<u>7,448,214</u>
Leases		
Current	15,295	4,635
Non-current	<u>83,804</u>	<u>31,998</u>
	<u>99,099</u>	<u>36,633</u>
<u>Reconciliation</u>		
Current Liabilities		
Leases	<u>15,295</u>	<u>4,635</u>
Non-current liabilities		
Loans	7,448,214	7,448,214
Leases	<u>83,804</u>	<u>31,998</u>
	<u>7,532,018</u>	<u>7,480,212</u>
Financing arrangements		
Bank loan		
The bank loan is secured on the assets and undertakings of the Company.		
Total bank loan facility at reporting date	8,500,000	8,000,000
Less amount used at reporting date	<u>(7,448,214)</u>	<u>(7,448,214)</u>
Unused facility at reporting date	<u>1,051,786</u>	<u>551,786</u>
The unused portion of the bank loan facility is only available for future acquisitions and there are specific criteria that need to be met prior to any draw-down. There were no events of default on the financing arrangements of the Company during the year.		
Note 6. Current & Non-current liabilities – Provisions		
Provisions for employee benefits: annual and long service leave		
Current	747,063	278,226
Non-current	<u>88,110</u>	<u>93,158</u>
	<u>835,173</u>	<u>371,384</u>
Provision for additional purchase consideration (earn-out)		
Non-current	<u>-</u>	<u>520,000</u>

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
For the year ended 31 December 2017

2017	2016
(unaudited)	
\$	\$

Note 6. Current & Non-current liabilities – Provisions (continued)

Reconciliation

Current Liabilities

Provisions for employee benefits	747,063	278,226
----------------------------------	----------------	---------

Non-current liabilities

Provision for employee benefits	88,110	93,158
Provision for additional purchase consideration (earn-out)	-	520,000
	88,110	613,158

Note 7. Contributed equity

(a) Share capital

The share capital account of Mayfield Childcare Limited (the Company) consists of 30,005,000 fully paid up, ordinary shares as at 31 December 2017.

(b) Movements in ordinary share capital

Movements in the ordinary share capital of the Company during the past two years were as follows:

Date	Details	Number of shares	Amount \$
1 Jan 2016	Opening balance	7,100,000	710
22 Aug 2016	New issue	3,750,000	1,085
27 Oct 2016	Share reduction	(3,080,000)	-
31 Oct 2016	Share reduction	(1,765,000)	-
24 Nov 2016	Issue of shares at IPO	21,100,000	21,100,000
24 Nov 2016	Issue of shares in lieu of cash	2,900,000	2,900,000
	Less: Share issue transaction costs, net of tax		(1,973,414)
31 Dec 2016	Balance	30,005,000	22,028,381
	Less: Share issue transaction costs, net of tax		(38,691)
31 Dec 2017	Balance	30,005,000	21,989,690

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

For the year ended 31 December 2017

Note 8. Business combinations

The Company acquired 3 childcare centres during the year, for total cash consideration of \$5,503,023. The fair values ascribed to the assets acquired and liabilities assumed are as follows:

	Fair value (unaudited) \$
Plant and equipment	30,000
Deferred tax asset	119,016
Provisions for employee benefits	(101,924)
Goodwill	5,455,931
Acquisition-date fair value of the total consideration transferred	<u>5,503,023</u>
<i>Representing</i>	
Cash paid to vendors (before settlement adjustments)	3,863,758
Amount owed to vendor at year end (before settlement adjustments)	<u>1,639,265</u>
	<u>5,503,023</u>

Note 9. Earnings per share

	2017 (unaudited) Cents	2016 Cents
Basic and diluted earnings/(loss) per share	11.40	(4.16)
	Number	Number
Weighted average number of shares		
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	30,005,000	30,005,000
	\$	\$
Earnings used in calculating basic and diluted earnings per share		
Profit/(loss) after tax attributable to the ordinary equity holders of the Company	3,419,390	(1,248,091)

There were no results from discontinued operations, nor net loss attributable to outside equity interests, to be taken into account in determining earnings used in calculating basic and diluted earnings per share.

Information concerning the classification of securities

As at reporting date the Company had not issued any share options, therefore diluted earnings per share is the same as basic earnings per share.

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
For the year ended 31 December 2017

Note 10. Event occurring after the reporting period

On 2 January 2018 the Company converted its \$7,448,214 variable rate bank loan into a \$7,400,000 loan at a fixed interest rate of 3.90% per annum, through to 24 November 2019, and repaid the \$48,214 difference. This increased the unused loan facility to \$1,100,000.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect, the Company's operations, the results of those operations or the Company's state of affairs in future years.

-- END --