

ASX Half-year Report

Period ended 30 June 2018

Lodged with the ASX under Listing Rule 4.2A.3

Company details

Name of reporting entity: Mayfield Childcare Limited ("Mayfield", "Company")
 ABN: 53 604 970 390
 Reporting period: Half-year ended 30 June 2018
 Previous corresponding reporting period: Half-year ended 30 June 2017

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Results for announcement to the market

	<i>Movement</i>	<i>%</i>	<i>\$</i>
Revenue from ordinary activities	Up	19.6	to 13,957,026
Profit from ordinary activities after tax attributable to members	Up	61.7	to 1,467,751
Net Profit for the period attributable to members	Up	61.7	to 1,467,751

<i>Dividend type</i>	<i>Amount per security (cents)</i>	<i>Franked amount per security (cents)</i>
Final dividend for the year ended 31 December 2017	7.65	7.65
Interim dividend	None	Not applicable
<p>The Company has a Dividend Reinvestment Plan (DRP), shareholder participation in which is optional.</p> <p>On 29 March 2018 the Company paid its inaugural dividend for the year ended 31 December 2017 of \$2,295,418. Cash dividend payments totalled \$1,278,755 and 959,116 ordinary shares were issued under the DRP at \$1.06 per share.</p> <p>The directors do not propose to recommend the payment of a dividend in respect of the half-year.</p>		

Brief explanation of Revenue

Revenues of \$14.0m were up 19.6% against the previous corresponding reporting period due to:

- The flow through effect of 2017 childcare fee increases;
- Occupancy rates in line with CY17 levels;
- Higher levels of Kindergarten funding; and
- Increased portfolio size.

Brief explanation of Profit (and Net Profit)

Net Profit after Tax of \$1.5m was up 61.7% against the previous corresponding reporting period due to:

- Increased revenues of \$2.3m; and
- Net profit on asset disposal of \$0.4m

which were partially offset by increased expenditure on:

- Educational resources;
- Marketing and field management teams; and
- Operating costs associated with 2017 acquisitions.

Net tangible assets

	30 Jun 2018 (cents)	30 Jun 2017 (cents)
Net tangible asset backing per ordinary share	(33.69)	(20.00)

Control over other entities

During the reporting period:

- No control was gained or lost over any entity.
- One childcare centre was sold.
- One childcare centre was acquired - refer to Note 8 of the notes to and forming part of the financial statements for further details.

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 were subject to review by the auditor, whose review report is attached to, and forms part of, the Interim Report.

Mayfield Childcare Limited

ABN: 53 604 970 390

Interim Report

For the Half-year ended 30 June 2018

Directors' Report

Your directors present their report on Mayfield Childcare Limited ("Mayfield", "Company") for the half-year ended 30 June 2018.

DIRECTORS

The directors of the Company in office during the half-year, and at the date of this report, are:

Peter Lowe, *Chairman*

Dean Clarke

Michelle Clarke

PRINCIPAL ACTIVITIES

During the half-year the principal activity of the Company consisted of operating long day childcare centres located in Victoria.

REVIEW OF OPERATIONS

During the half-year the Company acquired one Victorian centre and sold another, to maintain its portfolio of 19 Victorian centres, now totalling 1,586 licensed places. Management upgraded the physical and educational resources of a number of centres, whilst staying focused on tight cost control during the tough industry conditions which continued on from last year.

The Company's statutory profit after tax for the half-year ended 30 June 2018 was \$1,467,751, representing a 61.7% increase on the previous corresponding reporting period.

The financial position of the Company, as detailed in the Statement of Financial Position in the financial statements, is in line with management's expectations.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the half-year the company extended its total debt facility with Westpac Banking Corporation Limited (Westpac) by a further \$10 million, of which \$1.4 million was used to acquire a Victorian childcare centre. The \$8.6 million unused portion of the new facility is only available for future acquisitions and there are specific criteria which need to be met prior to any draw-down.

There were no other significant changes in the state of affairs of the Company that occurred during the half-year not otherwise disclosed in this report or in the accompanying financial statements.

DIVIDENDS

On 29 March 2018 the Company paid its inaugural dividend for the year ended 31 December 2017 of 7.65 cents per ordinary share, fully franked. Cash dividend payments totalled \$1,278,755 and 959,116 ordinary shares were issued under the Dividend Reinvestment Plan at \$1.06 per share.

No dividends were recommended, declared or paid for the half-year ended 30 June 2018 and to the date of this report.

MATTERS SUBSEQUENT TO THE END OF THE HALF-YEAR

The federal government's Child Care Subsidy (CCS) support package came into effect from 2 July 2018 and is expected to provide welcome relief to many families whose children are being cared for, and educated by, the Company. Whilst it is expected that CCS will provide an increase in occupancy in the long run and, therefore, ultimately have a positive impact on shareholder returns, in the short term the directors believe it would not be prudent to attempt to quantify that impact due to the uncertainty surrounding the degree to which parents may choose to increase their level of care, if any.

No other matter or circumstance has arisen since 30 June 2018 which has significantly affected, or may significantly affect:

- (a) the Company's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Company's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company expects to continue to execute its business plan, in line with its strategic objectives, as outlined in the investor presentation released to the ASX on 29 May 2018. These include both organic growth and the acquisition of additional long day childcare businesses.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 7.

This report is made in accordance with a resolution of the directors.



Peter Lowe
Chairman

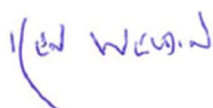
Melbourne
10 August 2018

Auditor's Independence Declaration to the Directors of Mayfield Childcare Limited

In relation to our review of the financial report of Mayfield Childcare Limited for the half-year ended 30 June 2018, I declare, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct in relation to the review.



PKF



Kenneth Weldin

Partner

Melbourne, 10 August 2018

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Interim Financial Report

For the half-year ended 30 June 2018

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This interim financial report is for Mayfield Childcare Limited ("Mayfield", "Company").

The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Mayfield Childcare Limited is a public company limited by shares, incorporated and domiciled in Australia, and listed on the Australian Securities Exchange since 30 November 2016. Its registered office and principal place of business is:

Level 1, Suite 3
275 Wattletree Road
Malvern VIC 3144

A description of the nature of the Company's operations and its principal activities is included in the directors' report, which is not part of this financial report.

The financial report was authorised for issue by the directors on 10 August 2018. The directors have the power to amend and to reissue the interim financial report.

A copy of this financial report may be obtained from the ASX website (www.asx.com.au).

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half-year ended 30 June 2018

	<i>Note</i>	<i>Half-year 2018 \$</i>	<i>Half-year 2017 \$</i>
Revenue from continuing operations		13,957,026	11,674,526
Net profit on disposal of centre		419,617	-
Employees		(8,969,932)	(7,576,777)
Facilities		(2,141,760)	(1,697,845)
Centre operations		(860,079)	(611,691)
Administration		(289,618)	(230,888)
Acquisition costs		(27,963)	(46,349)
Initial listing costs		-	(20,209)
Depreciation and amortisation	3	(67,652)	(102,426)
Finance costs		(206,378)	(157,110)
Profit before income tax		1,813,261	1,231,231
Income tax expense		(345,510)	(323,592)
Profit after income tax for the half-year entirely attributable to the owners of Mayfield Childcare Limited		1,467,751	907,639
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year entirely attributable to the owners of Mayfield Childcare Limited		1,467,751	907,639

	<i>Note</i>	<i>Cents</i>	<i>Cents</i>
Basic earnings per share	11	4.81	3.02
Diluted earnings per share	11	4.81	3.02

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	<i>Note</i>	30 Jun 2018 \$	31 Dec 2017 \$
ASSETS			
Current assets			
Cash and cash equivalents		780,326	1,539,166
Trade and other receivables		845,850	764,292
Other		276,107	289,060
Total current assets		1,902,283	2,592,518
Non-current assets			
Plant and equipment	3	940,288	451,680
Intangibles	4	34,379,813	32,943,065
Deferred tax		396,876	364,452
Other		5,844	5,844
Total non-current assets		35,722,821	33,765,041
Total assets		37,625,104	36,357,559
LIABILITIES			
Current liabilities			
Trade and other payables	5	2,301,031	2,427,938
Borrowings	6	16,257	15,295
Current tax liabilities		372,087	1,386,879
Provisions	7	730,906	747,063
Total current liabilities		3,420,281	4,577,175
Non-current liabilities			
Borrowings	6	9,775,435	7,532,018
Provisions	7	85,633	88,110
Total non-current liabilities		9,861,068	7,620,128
Total liabilities		13,281,349	12,197,303
Net assets		24,343,755	24,160,256
EQUITY			
Contributed equity		23,000,856	21,989,690
Retained earnings		1,342,899	2,170,566
Total Equity		24,343,755	24,160,256

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

STATEMENT OF CHANGES IN EQUITY
For the half-year ended 30 June 2018

	Share Capital \$	Retained Earnings \$	Total \$
Balance as at 1 January 2017	22,028,381	(1,248,824)	20,779,557
Profit after income tax expense for the half-year	-	907,639	907,639
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	907,639	907,639
<i>Transactions with owners in their capacity as owners</i>			
Contributions of equity, net of transaction costs	(38,691)	-	(38,691)
Balance as at 30 June 2017	21,989,690	(341,185)	21,648,505
Balance as at 1 January 2018	21,989,690	2,170,566	24,160,256
Profit after income tax expense for the half-year	-	1,467,751	1,467,751
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	1,467,751	1,467,751
<i>Transactions with owners in their capacity as owners</i>			
Contributions of equity, net of transaction costs	1,011,166	-	1,011,166
Dividends paid		(2,295,418)	(2,295,418)
Balance as at 30 June 2018	23,000,856	1,342,899	24,343,755

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

STATEMENT OF CASH FLOWS
For the half-year ended 30 June 2018

	<i>Note</i>	<i>Half-year 2018 \$</i>	<i>Half-year 2017 \$</i>
Cash flows from operating activities			
Receipts from customers, including government funding		13,922,482	11,629,815
Payments to suppliers and employees		(11,926,173)	(9,806,973)
		1,996,309	1,822,842
Other receipts		6,248	6,759
Net interest paid		(207,264)	(157,777)
Income tax paid		(1,386,880)	(49,753)
Net cash inflow from operating activities		408,413	1,622,071
Cash flows from investing activities			
Proceeds from disposal of centres, net of costs		475,853	-
Payments for purchases of businesses plus associated costs		(2,049,387)	(1,388,253)
Payments for plant and equipment		(562,695)	(70,715)
Proceeds from disposal of plant and equipment		8,849	-
Net cash outflow from investing activities		(2,127,380)	(1,458,968)
Cash flows from financing activities			
Proceeds from issue of shares		-	340,000
Proceeds from borrowings		2,300,000	-
Share issue costs		(5,497)	(297,829)
Payment of public company initial listing costs		-	(96,894)
Repayment of borrowings		(55,621)	(4,446)
Dividends paid		(1,278,755)	-
Net cash inflow/(outflow) from financing activities		960,127	(59,169)
Net (decrease)/increase in cash and cash equivalents		(758,840)	103,934
Cash and cash equivalents at the beginning of the half-year		1,539,166	1,410,473
Cash and cash equivalents at the end of the half-year		780,326	1,514,407

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

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2018

Note 1. Summary of significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for 'for profit' entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard (IFRS) IAS 134 *Interim Financial Reporting*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2017 and all public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The financial statements are prepared on a going concern basis.

The financial statements have been prepared under the historical cost convention.

The preparation of current financial information, and the presentation of any prior reporting period comparatives, is consistent from one reporting period to the next.

Any new, revised or amending Accounting Standards and Interpretations that are not yet mandatory have not been adopted early.

Going concern

Current liabilities exceed current assets at reporting date, however the Company has strong operational cash flows, it has access to a bank lending facility, and it closely monitors its cash resources, hence the directors believe it appropriate to prepare the financial statements on a going concern basis.

Amendments to Accounting Standards and new Interpretations that are mandatory, effective from the current reporting period

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period. During 2018 the Company adopted AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*.

- **AASB 9 *Financial Instruments***

This standard is not considered to have a material impact on the financial statements.

- **AASB 15 *Revenue from Contracts with Customers***

This standard supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations. It applies to all revenue arising from contracts with customers, unless those contracts are within the scope of other standards.

The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The timing of revenue recognition under AASB 15 at the 30 June 2018 half-year has not been materially impacted compared to what would have been accounted for under previous revenue accounting standards. Consistent with the information disclosed at 31 December 2017, the impact at the full year is also not expected to be material.

As required for general purpose condensed financial reporting information for the half-year ended 30 June 2018, the Company's revenue is disaggregated at the Statement of Comprehensive Income with the exception of Revenue from Contracts with Customers, which is disaggregated below into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2018

Note 1. Summary of significant accounting policies (continued)

Amendments to Accounting Standards and new Interpretations that are mandatory, effective from the current reporting period (continued)

- **AASB 15 Revenue from Contracts with Customers (continued)**

A. Provision of Childcare Services

Fees paid by families and/or the Australian Government (Child Care Benefit and Child Care Rebate) are recognised as and when a child attends a childcare service. Revenue received in advance from families and governments is recognised as deferred income and classified as a current liability.

B. Consultancy and Management Services Income

Fees received under consultancy and management services agreements are recognised once the service obligations have been met.

- **Government Funding/Grants**

Government funding/grants fall outside the scope of AASB 15 and will be accounted for such that the recognition of training incentives and additional funding receipts is subject to the specific performance obligations set out in the terms of the funding/grant instrument.

New Accounting Standards and Interpretations published but not yet adopted

The Company is in the process of assessing the impact of AASB 16 *Leases*, which is effective from 1 January 2019. The new standard now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use-asset' for virtually all lease contracts. The standard results in the recognition of almost all leases on the balance sheet and has an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

AASB 16 sets out a comprehensive model for the identification of lease arrangements. All existing contracts can be grandfathered and there is no need for retrospective testing of lease arrangements. However, AASB 16 will have an impact on the testing of any new financial arrangements from 1 January 2019.

It is expected that there will be substantial balance sheet entries required, in order to comply with AASB 16, in relation to the Company's current leases. There will also be additional disclosure requirements.

Note 2. Operating segments

Identification of reportable segments

The Company operates in one operating segment, as a childcare services provider. The Company operates in one geographical region, being Australia and, more specifically, Victoria.

Major customers

During the half-year ended 30 June 2018, none of the Company's revenue was derived from sales to specific customers generating, individually, 10% or more of total reported revenue.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2018

30 Jun 2018 \$	31 Dec 2017 \$
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Note 3. Non-current assets - Plant and equipment

Plant and equipment

Plant and equipment - at cost	1,078,154	523,821
Less: Accumulated depreciation	<u>(137,866)</u>	<u>(72,141)</u>
Net book amount	<u>940,288</u>	<u>451,680</u>

Reconciliation

Opening net book amount	451,680	1,160,515
Net additions through business combinations	5,000	30,000
Adjustments from prior period business combinations	(4,925)	(988,903)
Additions	562,697	307,308
Disposals	(6,512)	-
Depreciation expense	<u>(67,652)</u>	<u>(57,240)</u>
Balance at period end	<u>940,288</u>	<u>451,680</u>

Leased assets

Plant and equipment includes the following amounts where the Company is a lessee under a finance lease:

Plant and equipment - at cost	101,006	101,006
Less: Accumulated depreciation	<u>(20,999)</u>	<u>(12,650)</u>
Net book amount	<u>80,007</u>	<u>88,356</u>

Note 4. Non-current assets – Intangibles

Goodwill – at cost	<u>34,379,813</u>	<u>32,943,065</u>
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Reconciliation

Balance at beginning of period	32,943,065	27,018,231
Additions through business combinations	1,481,836	5,455,931
Adjustments from prior period business combinations	4,925	988,903
Disposal of centres	(50,013)	-
Additional purchase consideration (earn-out) adjustment	-	(520,000)
Balance at period end	<u>34,379,813</u>	<u>32,943,065</u>

One centre was sold, and another acquired, during the reporting period.

Impairment test for goodwill

Goodwill is allocated to a single cash-generating unit (CGU), which is based on the Company's operating segment. The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts for the current calendar year. Cash flows beyond the current calendar year are extrapolated using the estimated growth rates of occupancy and daily fee rate. The growth rate does not exceed the long-term average growth rate for the business.

Impact of possible changes in assumptions – sensitivity analysis

Any reasonable possible change in valuation parameters would not cause the carrying amount of the CGU to exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2018

30 Jun 2018	31 Dec 2017
\$	\$

Note 5. Current liabilities - Trade and other payables

Trade payables	201,289	105,266
Other payables	1,939,689	2,258,708
Deferred revenue	160,053	63,964
	2,301,031	2,427,938

Note 6. Current & Non-current liabilities – Borrowings

Loans		
Non-current	9,700,000	7,448,214
Finance leases		
Current	16,257	15,295
Non-current	75,435	83,804
	91,692	99,099

Reconciliation

Current liabilities

Leases	16,257	15,295
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Non-current liabilities

Loans	9,700,000	7,448,214
Leases	75,435	83,804
	9,775,435	7,532,018

Financing arrangements

Bank loan

The bank loans are secured on the assets and undertakings of the Company.

Total bank loan facility at reporting date	18,500,000	8,500,000
Less amount used at reporting date	(9,700,000)	(7,448,214)
Unused bank loan facility at reporting date	8,800,000	1,051,786

The \$8.6 million unused portion of the new bank loan facility is only available for future acquisitions and there are specific criteria which need to be met prior to any draw-down. There have been no events of default on the financing arrangements of the Company during the half-year.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2018

30 Jun	31 Dec
2018	2017
\$	\$

Note 7. Current & Non-current liabilities – Provisions

Provisions for employee benefits: annual and long service leave

Current	730,906	747,063
Non-current	85,633	88,110
	816,539	835,173

Movements in provisions

Movements in each class of provision during the half-year ended 30 June 2018 were as follows:

	Employee benefits \$
Carrying amount at start of half-year	835,173
Recognised upon acquisition of childcare businesses	21,258
Charged/(credited) to income statement	
- additional provisions recognized	606,027
- unused amounts reversed	-
Amounts used during the half-year	(645,919)
Carrying amount at end of half-year	816,539

Note 8. Business combinations

The Company acquired one childcare centre in June 2018. The fair values ascribed to the assets acquired and liabilities assumed are as follows:

Fair value
\$

Plant and equipment	5,000
Provisions for employee benefits	(21,258)
Goodwill	1,481,836
Deferred tax asset	5,846
Acquisition-date fair value of the total consideration transferred	1,471,424

Representing

Amount paid to vendor (before settlement adjustments)	1,440,567
Amount owed to vendor at half-year end	30,857
	1,471,424

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2018

Note 9. Related party transactions

Transactions with related parties

Management services agreements

No new related party service agreements were entered into during the half-year. No related party revenue has been recognized during the half-year.

Note 10. Events occurring after the reporting period

The federal government's Child Care Subsidy (CCS) support package came into effect from 2 July 2018 and is expected to provide welcome relief to many families whose children are being cared for, and educated by, the Company. Whilst it is expected that CCS will provide an increase in occupancy in the long run and, therefore, ultimately have a positive impact on shareholder returns, in the short term the directors believe it would not be prudent to attempt to quantify that impact due to the uncertainty surrounding the degree to which parents may choose to increase their level of care, if any.

No other matter or circumstance has arisen since 30 June 2018 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.

Note 11. Earnings per share

	<i>Half-year 2018</i>	<i>Half-year 2017</i>
	<i>Cents</i>	<i>Cents</i>
Basic and diluted earnings per share	4.81	3.02
	<i>Number</i>	<i>Number</i>
Weighted average number of shares		
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	30,503,104	30,005,000
	\$	\$
Earnings used in calculating basic and diluted earnings per share		
Profit after tax attributable to the ordinary equity holders of the Company	1,467,751	907,639

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 9 to 18 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the half-year ended on that date; 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.

This declaration is made in accordance with a resolution of the directors.



Peter Lowe
Chairman

Melbourne
10 August 2018

Independent Auditor's Review Report to the Members of Mayfield Childcare Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mayfield Childcare Limited ("the Company") which comprises the statement of financial position as at 30 June 2018, the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Company.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year 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 half-year 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 30 June 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mayfield Childcare Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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*. We confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the directors.

Conclusion

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

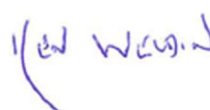
- (a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



PKF

Partner

Melbourne 10 August 2018



Kenneth Weldin

PKF Melbourne
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