ASX Half-year Report

Period ended 30 June 2019

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 2019
Previous corresponding reporting period (pcp):	Half-year ended 30 June 2018

Contents

Results for announcement to the market

	Movement	*%*		*$*
Revenue from ordinary activities	Up	13.6	to	15,861,320
Profit from ordinary activities after tax attributable to members	Down	36.1	to	938,415
Net Profit for the period attributable to members	Down	36.1	to	938,415

Dividend type	*Amount per security (cents)*	*Franked amount per security (cents)*
Final dividend for the year ended 31 December 2018	8.97	8.97
Interim dividend	None	Not applicable

The Company has a Dividend Reinvestment Plan (DRP), shareholder participation in which is optional.

On 28 March 2019 the Company paid a dividend for the year ended 31 December 2018 of $2,777,521. Cash dividend payments totalled $1,933,964 and 869,647 ordinary shares were issued under the DRP at $0.97 per share.

The directors do not propose to recommend the payment of a dividend in respect of the half-year.

Brief explanation of Revenue

Revenues of $15.9m were up 13.6% on pcp due to:

- The flow through effect of 2018 childcare fee increases;
- Increased portfolio size;

Brief explanation of Profit (and Net Profit)

Net Profit After Tax (NPAT) of $0.9m was down 36.1% due to a once-only after-tax profit of $0.4m on disposal of a centre in the pcp, and a reduction of $0.2m upon the initial application of AASB 16 *Leases* from 1 January 2019.

Please refer to the Review of Operations in the Directors' Report on page 5 for a reconciliation of the above statutory result to the underlying, non-IFRS NPAT result of $1.1m, which is 7.5% up on pcp.

Net tangible assets

	30 Jun 2019 (cents)	*30 Jun 2018 (cents)*
Net tangible asset backing per ordinary share	**(117.91)**	(33.69)

Control over other entities

During the reporting period:

- No control was gained or lost over any entity.
- One childcare centre was acquired - refer to Note 7 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 2019

Directors' Report

Your directors present their report on Mayfield Childcare Limited ("Mayfield", "Company") for the half-year ended 30 June 2019.

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, increasing its portfolio to 21 Victorian centres, now totalling 1,771 licensed places. Management invested in further centre upgrades, comprising both physical and educational resource improvements, whilst staying focused on tight cost control.

The Company has performed well, with statutory net profit after tax (NPAT) for the half-year ended 30 June 2019 of $938,415.

Non-IFRS Financial Information[1]

After reversing the impact of AASB 16 *Leases*[2], 'underlying' NPAT was up 7.5%, as follows:

Underlying NPAT

	Statutory Half-year 2019 $'000	*Reversing AASB 16 Impact $'000*	***Underlying Half-year 2019 $'000***	*Underlying Half-year 2018 $'000*
Revenue	15,861	-	**15,861**	13,957
Labour costs	(9,501)	-	**(9,501)**	(8,473)
Centre operating expenses	(921)	-	**(921)**	(860)
Facilities	(548)	(1,843)	**(2,391)**	(2,103)
Centre EBITDA	4,891	(1,843)	**3,048**	2,521
Head Office staff & related costs	(667)	-	**(667)**	(497)
Other corporate overheads	(371)	(29)	**(400)**	(356)
EBITDA	3,853	(1,872)	**1,981**	1,668
Depreciation	(1,964)	1,807	**(157)**	(68)
EBIT	1,889	(65)	**1,824**	1,600
Interest	(666)	325	**(341)**	(206)
Profit Before Tax	1,223	260	**1,483**	1,394
Tax	(285)	(71)	**(356)**	(346)
NPAT from Continuing Operations	938	189	**1,127**	1,048

1. EBIT and EBITDA are non-statutory financial measures which are not prescribed by Australian Accounting Standards (AAS). They represent the profit under AAS adjusted for Interest and Tax (EBIT) plus Depreciation and Amortisation (EBITDA) and certain other specific items. The Directors consider that EBIT and EBITDA reflect the core earnings of the entity, consistent with internal reporting.
2. For an explanation of the impact of AASB 16 *Leases* refer Note 1. Summary of significant accounting policies on pages 14 to 15.

Non-IFRS Financial Information (continued)

After reversing the impact of AASB 16 *Leases*, 'underlying' Earnings Per Share (EPS) was up 4.4% as follows:

Underlying EPS

	Statutory Half-year 2019	*Reversing AASB 16 Impact*	***Underlying Half-year 2019***	*Underlying Half-year 2018*
	Cents	*Cents*	***Cents***	*Cents*
Basic and diluted earnings per share	2.99	0.60	**3.59**	3.44
	$	*$*	***$***	*$*
Earnings used in calculating EPS				
NPAT from Continuing Operations	938,415	188,321	**1,126,736**	1,048,134
	Number	*Number*	***Number***	*Number*
Weighted average number of shares	31,420,561	31,420,561	**31,420,561**	30,503,104

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 restructured its debt facility with Westpac, extending the terms of its individual loans by 5 years through to May 2024, adding additional redraw flexibility and agreeing a repayment schedule for each loan, such that initial repayments commence from January 2020.

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 28 March 2019 the Company paid a dividend for the year ended 31 December 2018 of 8.97 cents per ordinary share, fully franked. Cash dividend payments totalled $1,933,964 and 869,647 ordinary shares were issued under the Dividend Reinvestment Plan at $0.97 per share.

No dividends were recommended, declared or paid for the half-year ended 30 June 2019 and to the date of this report.

MATTERS SUBSEQUENT TO THE END OF THE HALF-YEAR

No matter or circumstance has arisen since 30 June 2019 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 2019 calendar year first quarter trading update released to the ASX on 8 May 2019. 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 8.

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

Peter Lowe

Chairman

Melbourne
2 August 2019

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 2019 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

PKF Melbourne Audit & Assurance
Melbourne, 2 August 2019

Ken Weldin

Ken Weldin
Partner

Interim Financial Report

For the half-year ended 30 June 2019

Contents

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 2 August 2019. 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 2019

	Note	Half-year 2019 $	Half-year 2018 $
Revenue from continuing operations		**15,861,320**	13,957,026
Net profit on disposal of centre		**-**	419,617
Employees		**(10,113,321)**	(8,969,932)
Facilities		**(558,261)**	(2,141,760)
Centre operations		**(921,378)**	(860,079)
Administration		**(415,136)**	(289,618)
Acquisition costs		**(215)**	(27,963)
Depreciation and amortisation of plant and equipment	3	**(148,641)**	(67,652)
Depreciation charge on right-of-use assets	6	**(1,815,325)**	-
Finance costs		**(665,483)**	(206,378)
Profit before income tax		**1,223,560**	1,813,261
Income tax expense		**(285,145)**	(345,510)
Profit after income tax for the half-year entirely attributable to the owners of Mayfield Childcare Limited		**938,415**	1,467,751
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		**938,415**	1,467,751

	Note	Cents	Cents
Basic earnings per share	10	**2.99**	4.81
Diluted earnings per share	10	**2.99**	4.81

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes. Comparatives have not been restated for the introduction of AASB 16 Leases.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Note	30 Jun 2019 $	31 Dec 2018 $
ASSETS			
Current assets			
Cash and cash equivalents		**73,296**	1,776,803
Trade and other receivables		**1,019,273**	933,544
Prepayments		**307,464**	322,066
Total current assets		**1,400,033**	3,032,413
Non-current assets			
Plant and equipment	3	**1,950,309**	1,324,485
Intangibles	4	**39,739,435**	38,855,655
Right-of-use assets	6	**23,401,666**	-
Deferred tax		**542,972**	396,063
Total non-current assets		**65,634,382**	40,576,203
Total assets		**67,034,415**	43,608,616
LIABILITIES			
Current liabilities			
Trade and other payables		**1,698,386**	1,317,483
Borrowings	5	**528,600**	-
Leases	6	**3,383,322**	-
Current tax liabilities		**(170,764)**	764,576
Provisions		**966,867**	916,479
Contract liabilities		**-**	17,218
Total current liabilities		**6,406,411**	3,015,756
Non-current liabilities			
Borrowings	5	**14,121,400**	13,300,000
Leases	6	**20,290,359**	-
Provisions		**66,148**	75,528
Contract liabilities		**-**	66,586
Total non-current liabilities		**34,477,907**	13,442,114
Total liabilities		**40,884,318**	16,457,870
Net assets		**26,150,097**	27,150,746
EQUITY			
Contributed equity		**23,839,313**	23,000,856
Retained earnings		**2,310,784**	4,149,890
Total Equity		**26,150,097**	27,150,746

The above statement of financial position should be read in conjunction with the accompanying notes. Comparatives have not been restated for the introduction of AASB 16 Leases.

STATEMENT OF CHANGES IN EQUITY
For the half-year ended 30 June 2019

	Share Capital $	*Retained Earnings* $	*Total* $
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
Transactions with owners in their capacity as owners			
Contributions of equity (via DRP), 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
Balance as at 1 January 2019	23,000,856	4,149,890	27,150,746
Profit after income tax expense for the half-year	-	938,415	938,415
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	938,415	938,415
Transactions with owners in their capacity as owners			
Contributions of equity (via DRP), net of transaction costs	838,457	-	838,457
Dividends paid		(2,777,521)	(2,777,521)
Balance as at 30 June 2019	**23,839,313**	**2,310,784**	**26,150,097**

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 2019

	Half-year 2019 $	*Half-year 2018 $*
Cash flows from operating activities		
Receipts from customers, including government funding	**15,755,884**	13,922,482
Payments to suppliers and employees	**(11,565,843)**	(11,926,173)
	4,190,041	1,996,309
Other receipts	**5,934**	6,248
Net interest paid on borrowings	**(337,951)**	(207,264)
Income tax paid	**(1,366,842)**	(1,386,880)
Net cash inflow from operating activities	**2,491,182**	408,413
Cash flows from investing activities		
Proceeds from disposal of centres, net of costs	**-**	475,853
Payments for purchases of businesses plus associated costs	**(886,760)**	(2,049,387)
Payments for plant and equipment	**(842,042)**	(562,695)
Proceeds from disposal of plant and equipment	**-**	8,849
Proceeds from return of security deposit	**5,844**	-
Net cash outflow from investing activities	**(1,722,958)**	(2,127,380)
Cash flows from financing activities		
Proceeds from borrowings	**1,350,000**	2,300,000
Share issue costs	**(5,100)**	(5,497)
Repayment of lease liabilities	**(1,555,593)**	(55,621)
Interest paid on lease liabilities	**(327,074)**	-
Dividends paid	**(1,933,964)**	(1,278,755)
Net cash (outflow)/inflow from financing activities	**(2,471,731)**	960,127
Net decrease in cash and cash equivalents	**(1,703,507)**	(758,840)
Cash and cash equivalents at the beginning of the half-year	**1,776,803**	1,539,166
Cash and cash equivalents at the end of the half-year	**73,296**	780,326

The above statement of cash flows should be read in conjunction with the accompanying notes. Comparatives have not been restated for the introduction of AASB 16 Leases.

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2019

Note 1. Summary of significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2019 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 2018 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.

With the exception of the changes made upon the implementation of AASB 16 *Leases*, 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 by $5.0 million. The introduction and application of AASB 16 *Leases* from 1 January 2019 required the initial recognition within the statement of financial position of a current lease liability without a concomitant current asset (the right-of-use leased asset being mandated as non-current), resulting in an increase in current liabilities of $3.4 million at reporting date, however there was no impact upon the economic position of the Company. Despite the 'underlying' (pre-AASB 16) net shortfall of $1.6 million, the Company continues to generate strong operational cash flows and continues to be profitable. The recent favourable restructure of its loan facilities demonstrates that the Company has the ongoing support of its bank, with up to $0.9 million (as at reporting date) being able to be drawn down from its lending facility for working capital requirements, whilst cash resources are closely monitored. 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. From 1 January 2019 the Company adopted:

- **AASB 16 *Leases***

The Company, as lessee, is required to recognise its leases in the statement of financial position, as the distinction between 'operating' and 'finance' leases has been removed. The only exceptions are short-term (less than 12 months) leases and leases of low-value assets. The lease liability is measured as the present value of the unavoidable future lease payments to be made over the lease term (refer Note 6. Leases). The Company has elected to adopt the modified retrospective approach (with the application of practical expedients), which equates the 'right-of-use' asset (ROUA) with the value of the lease liability, therefore there is no requirement to restate either retained earnings or prior period comparatives.

The expensing of lease payments evenly over the lease period has been replaced with (i) a depreciation charge against the leased ROUA; and (ii) an interest expense on the recognised lease liability. Within the statement of cash flows, lease payments are no longer recognised as operating cash flows, but as financing cash flows, with the principal and interest components separately identified.

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

- **AASB 16 *Leases (continued)***

On adoption the Company recorded a non-current ROUA and both a current and non-current liability for every applicable lease. The ROUA is depreciated on a straight-line basis over the life of the lease and the interest on the liability is recorded using the effective interest rate method. This reduces facilities expense and increases depreciation and finance costs expenses. Finance costs are higher during the earlier years of the lease (therefore total expenses are higher and profit is lower) and lower in the later years of the lease (therefore total expenses are lower and profit is higher).

In calculating the value of each property lease liability, future lease payments include known fixed percentage increases but exclude variable consumer price index (CPI) increases, as estimations of future increases are prohibited by the standard (CPI lease payment increases are taken into account via a re-measurement of the lease liability as and when the increase occurs). The net present value of the unavoidable future lease payments are discounted using the Company's incremental borrowing rate, as none of the property leases have an implicit interest rate. For the purpose of calculating unavoidable future lease payments, only the current term of each lease has been considered, unless the option to exercise the next further term falls within 3 years of the date of initial measurement, in which case both the current and subsequent further terms are considered to be non-cancellable.

New Accounting Standards and Interpretations published but not yet adopted

There have been no new standards published but not yet adopted that would have a material impact upon either the Company's reported financial performance or its financial position.

Note 2. Operating segments

Identification of reportable segments
The Company continues to operate in one operating segment, as a childcare services provider. The Company operates in one geographical region, being Australia and, more specifically, Victoria.

Major customers
The Company did not have any major customers during the half-year ended 30 June 2019, as it earns the majority of its revenue from childcare provided to individual families.

Note 3. Non-current assets – Plant and equipment

	30 Jun 2019 ***$***
Plant and equipment	
Plant and equipment – at cost	**2,311,758**
Less: Accumulated depreciation	**(361,449)**
Net book amount	**1,950,309**
Reconciliation	
Opening net book amount at 1 January 2019	**1,324,485**
Net additions through business combinations	**5,000**
Adjustments from prior period business combinations	**(778)**
Additions	**842,042**
Disposals	**(278)**
Reclassification as right-of-use assets (refer Note 6)	**(71,521)**
Depreciation expense	**(148,641)**
Balance at 30 June 2019	**1,950,309**

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2019

Note 4. Non-current assets – Intangibles

	30 Jun 2019 $
Goodwill – at cost	**39,739,435**
Reconciliation	
Balance at 1 January 2019	**38,855,655**
Additions through business combinations	**883,002**
Adjustments from prior period business combinations	**778**
Balance at 30 June 2019	**39,739,435**

The Company acquired 1 centre during the reporting period (2018: 1 centre acquired).

No centres were sold during the reporting period (2018: 1 centre sold).

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 forecasts for 2019 and then extrapolated using estimated growth rates. The growth rate does not exceed the long-term average growth rate for the business.

The Company used sensitivity analysis to determine that any reasonably likely change in the valuation parameters of the goodwill valuation model would not cause an impairment loss.

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2019

Note 5. Current & Non-current liabilities – Borrowings

	30 Jun 2019 *$*
Current	**528,600**
Non-current	**14,121,400**
Total at 30 June 2019	**14,650,000**
Bank Loans	
Balance at 1 January 2019	**13,300,000**
Net borrowings	**1,350,000**
Balance at 30 June 2019	**14,650,000**

Financing arrangements

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

Facility as at 30 June 2019	
Total bank loan facility	**19,100,000**
Less amount used	**(14,650,000)**
Unused facility	**4,450,000**

Of the $4.45 million unused, $3.56 million 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.

Note 6. Leases

	Half-year 2019 $
A. Expenses	
Expenses from transactions not recognised as leases:	
Rental expense relating to leases of low-value assets	**25,289**
B. Cash flows	
Total cash outflow for leases	**1,882,667**

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2019

Note 6. Leases (continued)

C. Right-of-use assets

	Property $	Motor Vehicles $	Total $
Right-of-use assets	**25,145,470**	**101,006**	**25,246,476**
Less: Accumulated depreciation	**(1,806,976)**	**(37,834)**	**(1,844,810)**
Net book amount at 30 June 2019	**23,338,494**	**63,172**	**23,401,666**
Reconciliation			
Opening balance at 1 January 2019 (upon adoption of AASB 16 *Leases*)	**22,276,353**	**71,521**	**22,347,874**
Additions	**2,750,609**	**-**	**2,750,609**
Increase due to remeasurement of lease liabilities upon increase of variable lease payments	**118,508**	**-**	**118,508**
Depreciation charge	**(1,806,976)**	**(8,349)**	**(1,815,325)**
Balance at 30 June 2019	**23,338,494**	**63,172**	**23,401,666**

D. Lease Liabilities

	$
Current	**3,383,322**
Non-current	**20,290,359**
Total at 30 June 2019	**23,673,681**
Reconciliation of Opening Balance	
Non-cancellable lease commitments at 31 December 2018 (undiscounted)	**22,265,947**
Reduction from discounting future, undiscounted lease payments to their net present value at the Company's incremental borrowing rate	**(2,486,053)**
Add:	
Finance lease liabilities	**83,804**
Further terms reasonably certain to exercise	**2,907,273**
Less:	
Removal of estimated CPI increases from undiscounted future lease payments	**(410,814)**
Lease liabilities at 1 January 2019	**22,360,157**

Additional information

Unavoidable future payments

For the purpose of calculating unavoidable future lease payments, only the current term of each property lease has been considered, unless the option to exercise the next further term falls within 3 years of initial measurement date, in which case both the current and subsequent further terms are considered to be non-cancellable.

Weighted average property lease term

The average unavoidable property lease term, weighted for the number of licensed places, is 6.2 years. Including all further terms, the weighted average term increases to 22.2 years (Dec 2018: 22.4 years).

Motor vehicle leases

Motor vehicles are leased over 4 years and the liability includes contracted, end-of-lease residual payments.

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2019

Note 7. Business combinations

The Company acquired one childcare centre in May 2019. The provisional, initial fair values ascribed to the assets acquired and liabilities assumed are as follows:

	Fair value ***$***
Plant and equipment	5,000
Provisions for employee benefits	(2,009)
Goodwill	883,002
Deferred tax asset	552
Acquisition-date fair value of the total consideration transferred	886,545
Representing	
Cash paid to vendor (before settlement adjustments)	886,545

Note 8. 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 9. Events occurring after the reporting period

No matter or circumstance has arisen since 30 June 2019 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 10. Earnings per share

	Half-year 2019	*Half-year 2018*
	Cents	*Cents*
Basic and diluted earnings per share	**2.99**	4.81
	Number	*Number*
Weighted average number of shares		
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	**31,420,561**	30,503,104
	$	*$*
Earnings used in calculating basic and diluted earnings per share[1]		
Profit after tax attributable to the ordinary equity holders of the Company	**938,415**	1,467,751

1. Earnings have been reduced by the implementation of AASB 16 *Leases* (refer 'underlying' EPS in the Review of Operations, within the Directors' Report, on page 6).

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 10 to 19 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 2019 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
2 August 2019

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 2019, 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.

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 control as the directors determine is 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, anything has come to our attention that causes us to believe that the half-year 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 2019 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.*

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to 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 2019 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

PKF
Melbourne, 2 August 2019

Ken Weldin

Ken Weldin
Partner