ASX Half-year Report

Period ended 30 June 2022

Lodged with the ASX under Listing Rule 4.2A.3

Company details

Name of reporting entity:	The Mayfield Group comprises Mayfield Childcare Limited (ABN: 53 604 970 390) and its fully owned subsidiary Genius Education Pty Ltd (ABN: 39 653 437 935).
ASX Code:	MFD
Reporting period:	Half-year ended 30 June 2022
Previous corresponding reporting period (pcp):	Half-year ended 30 June 2021

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
Interim Report	
Directors' Report	5
Auditor's independence declaration	8
Interim financial report	
Statement of profit or loss and other comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to and forming part of the financial statements	14
Independent auditor's review report to members	22

MAYFIELD CHILDCARE LIMITED

Results for announcement to the market

	Movement	*%*		*$*
Revenue from ordinary activities	Up	85.2	to	32,386,841
Profit from ordinary activities after tax attributable to members	Up	93.6	to	2,431,345
Net Profit for the period attributable to members	Up	93.6	to	2,431,345

Dividend type	***Amount per security (cents)***	***Franked amount per security (cents)***
Final dividend for the year ended 31 December 2021	2.00	2.00
Interim dividend for the half-year ended 30 June 2022	2.76	2.76

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

On 4 April 2022 the Company paid a dividend for the year ended 31 December 2021 of $1,268,255. Cash dividend payments totalled $401,169 and 774,184 ordinary shares were issued under the DRP at $1.12 per share.

On 19 August 2022 the Company was pleased to declare an interim dividend for the half-year ended 30 June 2022 of 2.76 cents per ordinary share, fully franked, with a record date of 26 August 2022. The dividend will be paid on 23 September 2022, the total cost of which is estimated to be $1,768,320, which is expected to be satisfied by a combination of cash payments and the issue of DRP shares which rank equally with all other fully paid up ordinary shares of the Company. The DRP is offered by the Company to all its shareholders.

Brief explanation of Revenue

Revenues of $32.4m were up 85.2% on pcp due to the inclusion in the current reporting period of the 14 Genius Childcare centres acquired on 10 December 2021, which therefore were not in the pcp.

Brief explanation of Profit (and Net Profit)

Net Profit After Tax (NPAT) of $2.4m was up 93.6% on pcp due to the inclusion in the current reporting period of the 14 Genius Childcare centres acquired on 10 December 2021, which therefore were not in the pcp.

Please refer to the Review of Operations in the Directors' Report on pages 5 to 6 for further commentary, including a reconciliation of the above statutory result to the underlying, non-IFRS NPAT from Continuing Operations result of $3.5m, which is 122.2% up on pcp.

Net tangible assets

	30 Jun 2022 (cents)	*30 Jun 2021 (cents)*
Net tangible asset backing per ordinary share[1]	**(224.08)**	(109.38)

1. Right-of-use assets are excluded from, whilst lease liabilities are included in, the calculation of net tangible asset (NTA) backing per ordinary share. Underlying (pre-AASB 16 *Leases*) NTA is (6.91) cents (30 Jun 2021: (25.18) cents).

Control over other entities

No control was gained or lost over any entity during the reporting period.

Associates and joint venture entities

The Company has no associates, nor has it formed any joint ventures with any other entities 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 2022

Directors' Report

Your directors present their report on the consolidated entity (referred hereafter as the 'Group') consisting of Mayfield Childcare Limited ('Mayfield' or 'Company') and the entity it controlled for the half-year ended 30 June 2022.

DIRECTORS

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

- Peter Lowe, *Chairman and Non-Executive Director (since 22 August 2016)*
- Dean Clarke, *Executive Director & CEO (since 28 November 2016)*
- Michelle Clarke, *Executive Director (since 28 November 2016)*
- Lubna Matta, *Non-Executive Director (since 10 December 2021)*
- David Niall, *Non-Executive Director (since 10 December 2021)*

PRINCIPAL ACTIVITIES

During the half-year the principal activity of the Group consisted of operating long day childcare (LDC) centres located in Victoria, Queensland and South Australia. One Victorian centre was sold during the period.

DIVIDENDS

On 4 April 2022 the Company paid a dividend for the year ended 31 December 2021 of 2.0 cents per ordinary share, fully franked, totalling $1,268,255. Cash dividend payments totalled $401,169 and 774,184 ordinary shares were issued under the Dividend Reinvestment Plan (DRP) at $1.12 per share.

On 19 August 2022 the Company was pleased to declare an interim dividend for the half-year ended 30 June 2022 of 2.76 cents per ordinary share, fully franked, with a record date of 26 August 2022. The dividend will be paid on 23 September 2022, the total cost of which is estimated to be $1,768,320, which is expected to be satisfied by a combination of cash payments and the issue of DRP shares which rank equally with all other fully paid up ordinary shares of the Company. The DRP is offered by the Company to all its shareholders.

REVIEW OF OPERATIONS

During the half-year demand for childcare slowly picked up as the Victorian economy attempted to recover from the COVID-19 induced difficulties of the previous two years. The COVID19 Omicron wave and its multiple variations continued to be a drag on the economy, whilst economic factors both internationally and locally resulted in increased price inflation during the period. With no significant government revenue assistance for the ECEC sector during the period and with an extremely tight labour market, the Company maintained its disciplined approach to cost control through tight rostering and disciplined expenses management.

The Company continues to benefit from the wonderful teamwork and co-operation of its dedicated employees, who have performed magnificently in educating the children within our care and keeping them safe during these most challenging of times.

The Company has performed well, recognising a statutory net profit after tax (NPAT) for the half-year ended 30 June 2022 of $2,431,345.

REVIEW OF OPERATIONS (continued)

Non-IFRS Financial Information[1]

After reversing the property leases impact of AASB 16 *Leases*[2], 'underlying' NPAT from Continuing Operations was up 122.2% on the previous corresponding reporting period as follows:

Underlying NPAT

	Statutory Half-year 2022 $'000	*Reversing AASB 16 Impact $'000*	***Underlying Half-year 2022 $'000***	*Underlying Half-year 2021 $'000*
Revenue	32,387	(33)	**32,354**	17,484
Labour costs	(18,081)	-	**(18,081)**	(10,411)
Centre operating expenses	(1,907)	-	**(1,907)**	(809)
Facilities	(1,276)	(4,283)	**(5,559)**	(2,502)
Centre EBITDA	11,123	(4,316)	**6,807**	3,762
Head Office staff & related costs	(920)	-	**(920)**	(732)
Other corporate overheads	(596)	(71)	**(667)**	(381)
EBITDA	9,607	(4,387)	**5,220**	2,649
Depreciation	(4,944)	4,428	**(516)**	(329)
EBIT	4,663	41	**4,704**	2,320
Finance costs	(1656)	1,461	**(195)**	(146)
Profit Before Tax	3,007	1,502	**4,509**	2,174
Tax	(522)	(451)	**(973)**	(583)
NPAT from Continuing Operations	2,485	1,051	**3,536**	1,591

1. Underlying, NPAT, NPAT from Continuing Operations, Centre EBITDA, EBITDA and EBIT are non-statutory financial concepts and measures which are not prescribed by Australian Accounting Standards (AAS). The Directors consider that these measures are useful in gaining an understanding of the performance of the entity, consistent with internal reporting.
2. For an explanation of AASB 16 *Leases* please refer to Note 1. *Summary of significant accounting policies* on page 28 of the Annual Report for the year ended 31 December 2021.

After reversing the property leases impact of AASB 16 *Leases*, 'underlying' Earnings Per Share[1] (EPS) from Continuing Operations was up 0.59 cents per share or 11.9% as follows:

Underlying EPS	*Statutory Half-year 2022 Cents*	*Reversing AASB 16 Impact Cents*	***Underlying Half-year 2022 Cents***	*Underlying Half-year 2021 Cents*
Basic and diluted earnings per share	3.81	1.73	**5.54**	4.95
	$	*$*	***$***	*$*
Earnings used in calculating EPS				
NPAT from Continuing Operations	2,431,345	1,105,294	**3,536,639**	1,591,358
	Number	*Number*	***Number***	*Number*
Weighted average number of shares	63,785,422	63,785,422	**63,785,422**	32,178,872

1. Underlying EPS and NPAT from Continuing Operations are non-statutory financial measures which are not prescribed by Australian Accounting Standards (AAS). The Directors consider that these measures are useful in gaining an understanding of the performance of the entity, consistent with internal reporting.

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

There were no 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.

MATTERS SUBSEQUENT TO THE END OF THE HALF-YEAR

No matter or circumstance has arisen since 30 June 2022 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 its 2021 Annual Report. Future growth is expected to come through the continued improvement of existing centres and the acquisition of new, long day childcare centres.

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
19 August 2022

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 2022, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
(b) no contraventions of any applicable code of professional conduct.

This declaration is made in respect of Mayfield Childcare Limited and the entities it controlled during the financial period.

PKF

Melbourne, 19 August 2022

Kaitlynn Brady

Partner

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Interim Financial Report

For the half-year ended 30 June 2022

Contents

	Page
Financial Report	
Consolidated statement of profit or loss and other comprehensive income	10
Consolidated statement of financial position	11
Consolidated statement of changes in equity	12
Consolidated statement of cash flows	13
Notes to the consolidated financial statements	14
Directors' declaration	21
Independent auditor's review report to the members	22

This interim financial report is for the consolidated entity consisting of Mayfield Childcare Limited ('Mayfield' or 'Company') and its subsidiary.

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 (ASX) since 30 November 2016. Its registered office and principal place of business is:

Suite 2, Ground Floor
207-213 Waverley Road
Malvern East VIC 3145

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 19 August 2022. 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 websites of either the ASX (www.asx.com.au) or Mayfield Childcare Limited (www.mayfieldchildcare.com.au).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half-year ended 30 June 2022

	Note	Half-year 2022 $	Half-year 2021 $
Revenue	3	**32,386,841**	17,484,032
Net loss on disposal of centre		**(53,511)**	-
Employees		**(19,000,169)**	(11,084,370)
Centre operations		**(1,907,394)**	(808,688)
Facilities		**(1,282,701)**	(545,635)
Administration		**(589,200)**	(370,106)
Depreciation and amortisation of plant and equipment	4	**(516,686)**	(321,245)
Depreciation charge on right-of-use assets	7	**(4,427,769)**	(1,991,845)
Finance costs		**(1,656,170)**	(635,115)
Profit before income tax		**2,953,241**	1,727,028
Income tax expense		**(521,896)**	(470,867)
Profit after income tax for the half-year entirely attributable to the owners of Mayfield Childcare Limited		**2,431,345**	1,256,161
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		**2,431,345**	1,256,161

	Note	Cents	Cents
Basic and diluted earnings per share	13	**3.81**	3.90

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2022

	Note	***30 Jun 2022 $***	*31 Dec 2021 $*
ASSETS			
Current assets			
Cash and cash equivalents		**2,775,860**	2,265,096
Trade and other receivables		**2,861,818**	2,052,723
Prepayments		**405,666**	773,826
Total current assets		**6,043,344**	5,091,645
Non-current assets			
Plant and equipment	4	**3,871,221**	3,759,649
Intangibles	5	**73,510,630**	82,611,833
Right-of-use assets	7	**135,808,256**	133,539,678
Deferred tax		**2,136,604**	1,611,186
Total non-current assets		**215,326,711**	221,522,346
Total assets		**221,370,055**	226,613,991
LIABILITIES			
Current liabilities			
Trade and other payables		**4,710,216**	3,708,072
Contract liabilities		**1,267,293**	875,662
Borrowings	6	**-**	409,081
Leases	7	**7,668,329**	6,321,503
Current tax liabilities		**506,385**	576,297
Provisions		**2,630,418**	2,606,566
Total current liabilities		**16,782,641**	14,497,181
Non-current liabilities			
Borrowings	6	**5,076,600**	8,076,600
Leases	7	**131,719,506**	129,274,190
Provisions		**160,435**	9,160,435
Total non-current liabilities		**136,956,541**	146,511,225
Total liabilities		**153,739,182**	161,008,406
Net assets		**67,630,873**	65,605,585
EQUITY			
Contributed equity		**59,331,858**	58,469,660
Retained earnings		**8,299,015**	7,135,925
Total Equity		**67,630,873**	65,605,585

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 30 June 2022

	Share Capital *$*	*Retained Earnings* *$*	*Total* *$*
Balance as at 1 January 2021	24,100,720	6,003,215	30,103,935
Profit after income tax expense for the half-year	-	1,256,161	1,256,161
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	1,256,161	1,256,161
Transactions with owners in their capacity as owners			
Contributions of equity (via DRP), net of transaction costs	129,250	-	129,250
Dividend paid	-	(642,060)	(642,060)
Balance as at 30 June 2021	24,229,970	6,617,316	30,847,286
Balance as at 1 January 2022	58,469,660	7,135,925	65,605,585
Profit after income tax expense for the half-year	-	2,431,345	2,431,345
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	2,431,345	2,431,345
Transactions with owners in their capacity as owners			
Contributions of equity (via DRP), net of transaction costs	862,198	-	862,198
Dividend paid	-	(1,268,255)	(1,268,255)
Balance as at 30 June 2022	**59,331,858**	**8,299,015**	**67,630,873**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 30 June 2022

	Half-year 2022 $	*Half-year 2021 $*
Cash flows from operating activities		
Receipts from customers, including government funding	**32,087,886**	18,077,809
Payments to suppliers and employees	**(21,800,753)**	(12,543,640)
	10,287,133	5,534,169
Other receipts	**355,548**	9,271
Interest paid on lease liabilities	**(1,527,010)**	(385,601)
Net interest paid on borrowings	**(196,470)**	(143,874)
Net income tax paid	**(1,117,226)**	(1,307,013)
Net cash inflow from operating activities	**7,801,975**	3,706,952
Cash flows from investing activities		
Proceeds from disposal of centre, net of costs	**245,520**	-
Payments for plant and equipment	**(799,661)**	(499,342)
Payments for purchases of businesses plus associated costs	**(59,956)**	(237,500)
Centre closure costs	**-**	(44,403)
Proceeds from the disposal of plant and equipment	**-**	-
Net cash outflow from investing activities	**(614,097)**	(781,245)
Cash flows from financing activities		
Repayment of borrowings	**(3,409,081)**	(668,600)
Repayment of lease liabilities	**(2,826,648)**	(1,658,462)
Dividend paid	**(401,169)**	(510,716)
Share issue costs	**(40,216)**	(2,094)
Net cash outflow from financing activities	**(6,677,114)**	(2,839,872)
Net increase/(decrease) in cash and cash equivalents	**510,764**	85,835
Cash and cash equivalents at the beginning of the half-year	**2,265,096**	1,569,464
Cash and cash equivalents at the end of the half-year	**2,775,860**	1,655,299

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 30 June 2022

Note 1. Summary of significant accounting policies

These general purpose financial statements are for the consolidated entity ('Group') consisting of Mayfield Childcare Limited ('Mayfield' or 'Company') and its subsidiary for the interim half-year reporting period ended 30 June 2022. They 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 2021 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 and 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 by $10.7 million, including $7.7 million of lease liabilities which are expected to be settled through operating cash flows earned in the next twelve months. The Group generated a net operating cash inflow of $7.8m during the current half-year reporting period and is forecasting that it will continue to generate strong net operational cash inflow, and be profitable, for the next 12 months. The Group had up to $10.1 million (at reporting date) available to be drawn down from its lending facility for working capital requirements and it closely monitors its cash resources.

In considering the ongoing pandemic and its expected impact upon the future cash flows of the Group, the directors of the Company have assumed that funding will continue to be received from both the federal (CCS) and state (Kindergarten) governments in a timely manner, and in accordance with currently legislated funding models and that occupancy will continue to recover and grow as the ongoing effects of the COVID-19 pandemic diminish.

Whilst uncertainties in forecasting do and always will exist (and are greater than would normally be the case), they do not constitute material uncertainty in relation to going concern. Therefore, having regard to all of the above, the directors believe it appropriate to prepare the consolidated financial statements on a going concern basis.

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

The Group 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.

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

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 Group's reported financial performance or its financial position.

Note 2. Operating segments

Identification of reportable segments

The Group continues to operate in one operating segment, as a long day childcare services provider.

The Group continues to operate in one geographical segment, being Australia.

Major customers

The Group did not have any major customers during the half-year ended 30 June 2022, as it earns the majority of its revenue from childcare provided to individual families.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 30 June 2022

Note 3. Revenue

	Half-year 2022 $	*Half-year 2021 $*
Childcare services	**31,839,809**	17,482,355
Other income	**514,339**	1,677
Gain on disposal of property lease	**32,693**	-
	32,386,841	17,484,032

Note 4. Non-current assets – Plant and equipment

	30 Jun 2022 $
Plant and equipment	
Plant and equipment – at cost	**6,115,252**
Less: Accumulated depreciation	**(2,244,031)**
Net book amount	**3,871,221**
Reconciliation	
Opening net book amount at beginning of half-year	**3,759,649**
Additions	**799,660**
Transfer in from Leases - Motor Vehicles (Note 7)	**21,016**
Adjustments from finalised prior period business combinations (Notes 5 & 8)	**3,363**
Disposals	**(195,781)**
Depreciation expense	**(516,686)**
Closing net book amount at end of half-year	**3,871,221**

Note 5. Non-current assets – Intangibles

Goodwill – at cost	**73,510,630**
Reconciliation	
Balance at beginning of half-year	**82,611,833**
Additional purchase consideration (earn-out) adjustment	**(9,000,000)**
Disposal of centre	**(100,490)**
Adjustments from prior period business combinations (Notes 4 & 8)	**(713)**
Balance at end of half-year	**73,510,630**

During the reporting period one centre was sold and none were acquired.

Purchase consideration (Earn-out) adjustment

The adjustment to goodwill during the current reporting period stems from a measurement period adjustment with regards to the acquisition of Genius Education Pty Ltd on 10 December 2021. At 31 December 2021 the Group lacked sufficient information to enable it to conclusively complete its assessment of the contingent consideration payable, however this assessment has now been completed during the current reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 30 June 2022

Note 5. Non-current assets – Intangibles (continued)

Goodwill impairment testing

Having taken into consideration the impact of the write-back of the $9 million provision for earn-out in relation to the purchase consideration contingently payable (on the acquisition of the 14 Genius Childcare centres) in its impairment review, the Board has concluded that no impairment is required to the carrying amount of goodwill at 30 June 2022.

Note 6. Current & Non-current liabilities – Borrowings

	30 Jun 2022 $
Current	-
Non-current	5,076,600
	5,076,600
Bank Loans	
Balance at beginning of half-year	8,076,600
Net repayments	(3,000,000)
Balance at end of half-year	5,076,600
WorkCover premium funding	
Balance at beginning of half-year	409,081
Net repayments	(409,081)
Balance at end of half-year	-

Financing arrangements

Bank loans

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

Facility at end of half-year	
Total bank loan facility	30,019,000
Less amount used	(5,076,600)
Unused loan facility	24,942,400

Of the $24.9 million unused, $14.8 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.

Bank guarantee facility

The guarantees are secured on the assets and undertakings of the Company.

Facility at end of half-year	
Total bank guarantee facility	4,500,000
Less amount used	(3,609,725)
Unused guarantee facility	890,275

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 30 June 2022

	Half-year 2022 $

Note 7. Leases

A. Expenses

Expenses from transactions not recognised as leases:	
Rental expense relating to leases of low-value assets	**16,084**

B. Cash flows

Total cash outflow for leases	**4,353,658**

C. Right-of-use assets

	Property $	Motor Vehicles $	Total $
Right-of-use assets	**150,735,759**	**-**	**150,735,759**
Less: Accumulated depreciation	**(14,927,503)**	**-**	**(14,927,503)**
Net book amount at end of year	**135,808,256**	**-**	**135,808,256**
Reconciliation			
Opening net book amount at beginning of year	**133,518,662**	**21,016**	**133,539,678**
Increase due to addition of next further term	**6,846,283**	**-**	**6,846,283**
Increase due to market review	**8,495**	**-**	**8,495**
Increase due to remeasurement of lease liabilities upon increase of variable lease payments	**687,688**	**-**	**687,688**
Decrease on disposal of lease	**(595,712)**	**-**	**(595,712)**
Decrease on temporary cessation of lease payments	**(229,391)**	**-**	**(229,391)**
Transfer out on reclassification upon completion of finance leases (Note 4)	**-**	**(21,016)**	**(21,016)**
Depreciation charge	**(4,427,769)**	**-**	**(4,427,769)**
Closing net book amount at end of year	**135,808,256**	**-**	**135,808,256**

D. Lease liabilities

	$
Current	**7,668,329**
Non-current	**131,719,506**
Balance at end of year	**139,387,835**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 30 June 2022

Note 7. Leases (continued)

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 reporting date, in which case exercise of the next further term is considered to be reasonably certain, thus both the current and subsequent further term lease payments are considered to be unavoidable.

Weighted average property lease term

The average unavoidable property lease term, weighted for the number of licensed places, is 13.1 years. Including all further terms, the weighted average term increases to 28.8 years.

Note 8. Contributed equity

(a) Share capital

The share capital account of Mayfield Childcare Limited (the Company) consists of 64,183,207 fully paid up, ordinary shares as at 30 June 2022.

Ordinary shares entitle the holder to participate in dividends, and the proceeds on winding up of the Company, in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting of the Company, either personally or by duly authorised representative, proxy or attorney, is entitled to one vote and, upon a poll, each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(b) Movements in ordinary share capital

Movements in the ordinary share capital of the Company during the current reporting period were as follows:

Date	Details	Number of shares	Amount $
1 Jan 2022	Opening balance	63,409,023	58,469,660
4 Apr 2022	Issued under Dividend Reinvestment Plan	774,184	867,086
	Less: Share issue transaction costs, net of tax		(4,888)
30 Jun 2022	**Closing balance**	**64,183,207**	**59,331,858**

(c) Dividend Reinvestment Plan (DRP)

The Company has established a Dividend Reinvestment Plan (DRP) under which holders of ordinary shares may elect to have all or part of their dividend entitlement satisfied by the issue of new ordinary shares, rather than by being paid in cash. Shares are issued under the DRP at a 5% discount to the volume-weighted average price (VWAP) over the pricing period, as determined by the directors.

(d) Share options

There were no unissued ordinary shares of Mayfield Childcare Limited under option at 30 June 2022.

There were no ordinary shares of Mayfield Childcare Limited issued on the exercise of options during the half-year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 30 June 2022

Note 9. Business combinations

The Company did not acquire any childcare centre businesses during the reporting period.

Finalisation of prior period provisional estimates

During the reporting period final adjustments were made to the initial provisional estimates of the fair value of assets acquired and liabilities assumed in business combinations undertaken in the prior reporting period, as follows:

	Carrum Downs $	Dandenong $	Total $
Plant and equipment			
Finalised fair value	5,446	7,917	13,363
Less initial provisional estimate	(5,000)	(5,000)	(10,000)
Contract liabilities			
Finalised fair value	(4,850)	-	(4,850)
Less initial provisional estimate	2,200	-	2,200
Increase/(decrease) in fair value in the current reporting period (Note 5)	(2,204)	2,917	713

Adjustment to prior period provisional estimates

During the reporting period the following provisional adjustment was made to the initial provisional estimate of the fair value of liabilities assumed in a business combination undertaken in the prior reporting period, as follows:

	Genius Childcare Centres $
Goodwill (Note 5)	(9,000,000)
Representing	-
Provision for contingent purchase consideration (earn-out)	(9,000,000)
Total adjustment to consideration payable	(9,000,000)

The accounting for this business combination remains provisional as at 30 June 2022.

Note 10. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in Note 1(b) of the Notes to the Consolidated Financial Statements for the year ended 31 December 2021:

Name of entity	Country of incorporation	Class of shares	***June 2022 %***
Genius Education Pty Ltd	Australia	Ordinary	**100**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 30 June 2022

Note 11. Related party transactions

Transactions with related parties

Management of Genius Childcare centres

During the reporting period the day-to-day management of the 14 Genius Childcare centres, acquired by the Company on 10 December 2021, was provided by an entity controlled by the vendor of the centres (Genius Vendor) in accordance with the terms of the Transitional Services Agreement between the two parties. The Genius Vendor is a major shareholder of the Company.

Loan

During the reporting period the Company's subsidiary provided agreed centre support services to a company controlled by the Genius Vendor. The services were provided on commercial terms. These services, along with minor funding due to, and expenses paid on behalf of the Genius Vendor by, the Company's subsidiary, have been accumulated as an unsecured loan outstanding at reporting date totalling $995,642. With repayment due within 12 months, the loan has been classified as a current asset and is included within *Trade and other receivables* in the consolidated statement of financial position. There is no commitment to provide further related party services beyond the current reporting date.

Management services agreements

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

Note 12. Events occurring after the reporting period

No matter or circumstance has arisen since 30 June 2022 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 13. Earnings per share

	Half-year 2022	*Half-year 2021*
	Cents	*Cents*
Basic and diluted earnings per share	**3.81**	3.90
	Number	*Number*
Weighted average number of shares		
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	**63,785,422**	32,178,872
	$	*$*
Earnings used in calculating basic and diluted earnings per share[1]		
Profit after tax attributable to the ordinary equity holders of the Company	**2,431,345**	1,256,161

1. Earnings have been reduced by the ongoing application 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 20 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 consolidated entity's financial position as at 30 June 2022 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
19 August 2022

PKF

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Mayfield Childcare Limited (the Company) and its subsidiaries (collectively, the Group) which comprises the consolidated statement of financial position as at 30 June 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

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 consolidated financial position as at 30 June 2022 and of its performance for the half-year ended on that date; and

(b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity (ASRE 2410).* Our responsibilities are further described in the Auditor's responsibilities for the review of the half-year financial report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards) (the Code)* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 the Australian Accounting Standards and the *Corporations Regulations 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 for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter 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 Group's consolidated financial position as at 30 June 2022 and its consolidated financial performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001.*

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.

PKF

Kaitlynn Brady

PKF

Melbourne 19 August 2022

Kaitlynn Brady

PKF