



ASX Announcement

Mayfield Childcare Limited (ASX:MFD)

29 March 2023

Independent Forensic Investigation – Final Report

Mayfield Childcare Limited (ASX:MFD) (**Company**) provides this update in relation to the independent forensic investigation referred to in the Company's announcement to ASX on 28 February 2023.

On 24 January 2023 the Company engaged KordaMentha to conduct an independent forensic investigation in relation to the period from 1 January 2020 to 31 December 2022 (**Investigation Period**), following the Company's review of historical supplier payments made for the purposes of preparing the Company's CY2023 CAPEX budget.

The Company received KordaMentha's interim independent forensic accountant's report on 24 February 2023.

On 27 March 2023 the Company received KordaMentha's final independent forensic accountant's report (**Independent Forensic Report**).

The Company provides the following update in relation to the findings of the Independent Forensic Report and the Company's assessment of, and proposed response to, those findings:

Misappropriation of funds

- The Independent Forensic Report concluded that funds totalling \$374,713 appear to have been misappropriated from the Company during the Investigation Period by a former senior employee / director of the Company (**Misappropriated Funds**) (**Former Employee**).
- The available evidence supports the conclusion that the Misappropriated Funds were used to pay for works undertaken at two residential properties owned by the Former Employee and at two Childcare Centres operated in connection with the Former Employee.
- The Company's external legal advisors, King & Collins, are advising the Company in relation to recovery of the Misappropriated Funds, including preservation of assets sufficient to compensate the Company for any loss and damage suffered. The Company is satisfied with the recovery options available to it.



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Misallocation of payments (incorrect accounting treatment)

- The Independent Forensic Report also concluded that, at the direction of the Former Employee, payments totalling \$835,714 were misallocated over the Investigation Period to deliberately misrepresent earnings, apparently in connection with the Misappropriated Funds (**Misallocated Payments**).
- The Company is assessing, in consultation with the Company's auditors, whether the Misallocated Payments may require a restatement of previous financial statements. The Company will provide a further update on any potential restatement when it releases its CY2022 Annual Report.
- The Company does not consider there will be a material change to the CY2022 Preliminary Final Report released on 28 February 2023.

The Company will pursue all available claims for any loss and damage suffered by the Company in relation to the Misappropriated Funds and Misallocated Payments, including the cost of the forensic investigation and preparation of the Independent Forensic Report, legal costs and interest.

The Company will undertake an internal review of transactions prior to the Investigation Period. If necessary, the Company will provide a further update to the market at the relevant time.

The Company's 36 long day care childcare centres will continue to operate as usual. The Company remains steadfast in its commitment to deliver the highest quality education and care to the families attending its centres.

This ASX announcement has been approved for release by the Board of Directors of Mayfield Childcare Limited.

For further information, please contact:

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