



**Mitchell**  
SERVICES

29 October 2015

**MITCHELL SERVICES LIMITED**  
**(ASX: MSV)**

#### **Appendix 4C Quarterly Report and Investor Update**

Dear Shareholder,

Mitchell Services Limited (**The Company**) is pleased to provide the following Investor Update for the quarter ended 30 September 2015.

The Company has undergone a period of significant growth in the first quarter of FY16. The average operating rig count for the quarter ended 30 September 2015 was 18 rigs which represents an increase of 33% compared to the FY15 first quarter figure of 13 rigs. This increase has been driven mainly by a significant increase in Tier 1 contracts.

Notwithstanding this growth in rig count, safety statistics continue to improve with both the quantity and severity of incidents on the decline through September.

It is very pleasing to note that the Company has generated positive operating cash flows of \$524k for the quarter ended 30 September 2015. This is the largest reported quarterly operating cash flow result since the Mitchell/Drill Torque transaction in November 2013.

This operating cash flow result, together with financing cash inflows of \$15.4mil and investing cash outflows of \$14.7mil have resulted in the Company's cash balance increasing from a net overdraft of \$614k at 30 June 2015 to a positive balance of \$556k at 30 September 2015.

Thank you to all shareholders who attended the recent Annual General Meeting and also to those who voted on the various resolutions via proxy.

I look forward to a safe, busy and challenging quarter ahead.

Yours Faithfully

Andrew Elf  
Chief Executive Officer

#### **Mitchell Services Limited**

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# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

MITCHELL SERVICES LIMITED

ABN

31 149 206 333

Quarter ended ("current quarter")

30 September 2015

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	9,116	9,116
1.2 Payments for (a) staff costs	(3,813)	(3,813)
(b) advertising and	-	-
marketing		
(c) research and	-	-
development		
(d) leased assets	-	-
(e) other working capital	(4,673)	(4,673)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(106)	(106)
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net operating cash flows</b>	<b>524</b>	<b>524</b>

+ See chapter 19 for defined terms.

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	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	524	524
<b>1.9 Cash flows related to investing activities</b>		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(15,928)	(15,928)
(e) other non-current assets	-	-
<b>1.10 Proceeds from disposal of:</b>		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	1,197	1,197
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(14,731)</b>	<b>(14,731)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(14,207)</b>	<b>(14,207)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	8,422	8,422
1.16 Payment for share issue costs	(583)	(583)
1.17 Proceeds from borrowings	8,500	8,500
1.18 Repayment of borrowings	(962)	(962)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
<b>Net financing cash flows</b>	<b>15,377</b>	<b>15,377</b>
<b>Net increase (decrease) in cash held</b>	<b>1,170</b>	<b>1,170</b>
1.21 Cash at beginning of quarter/year to date	(614)	(614)
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter</b>	<b>556</b>	<b>556</b>

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	44
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

-

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

-

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	1,268	1,268
3.2	Credit standby arrangements	2,500	-

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	460	509
4.2 Deposits at call	96	7
4.3 Bank overdraft	-	(1,130)
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>556</b>	<b>(614)</b>

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	-	-
5.2 Place of incorporation or registration	-	-
5.3 Consideration for acquisition or disposal	-	-
5.4 Total net assets	-	-
5.5 Nature of business	-	-

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  .....  
 (Company Secretary)

Date: 29 October 2015

Print name: Greg Switala

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## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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