



# Activities Report & Cash Flow Statement

*For the 3 months ending 30 June 2018*

## Quarterly Activities and Cash Flow Statement

*For the three months ending 30 June 2018*

31 July 2018

MCS Services Limited (**MCS Services**) (**Company**) (ASX: **MSG**) is pleased to present its Activities Report and Appendix 4C for the three months ending 30 June 2018 (**Period**).

During the Period the Company delivered a positive operating cashflow of \$136,000 and increased its net cash position by \$107,000, finishing the Period with a cash balance of \$835,000.

Cash and net receivables as at 30 June 2018 totaled \$2.6 million (\$2.5 million as at 31 March 2018) comprising cash of \$0.8 million (\$0.7 million as at 31 March 2018) and net receivables of \$1.8 million (\$1.8 million as at 31 March 2018).

### **OPERATIONS UPDATE**

The Company has maintained revenue performance and maintained all major clients.

During the Period the Company:

- was successful with a major retail security tender, renewing its existing work at three shopping Centres and gaining the security work at four other Centres from that customer across metropolitan Perth. The Company attended to pre-commencement issues (training, operating procedure updates, staff recruitment and promotion, logistics) during the Period, ahead of contract commencement on 1 June. MCS Security now proudly services all of the customer's major shopping Centres in metropolitan Perth;
- increased its security coverage with a number of other existing clients;
- added a number of other security contracts.

Subsequent to the Period the Company was successful with a tender for security services (including Events coverage) at a large and prestigious sailing club / marina in Perth.

### **GROWTH OPPORTUNITIES**

The Company continues to seek further organic growth opportunities in its specialist security segments, including but not limited to leveraging its reputation with existing clients to obtain work at additional locations.

The Company is also assessing the addition of new verticals to its business.

The Company is constantly assessing the expansion of its operations in the Perth metropolitan area, regional Western Australia and interstate through the identification and acquisition of suitable targets. It may progress these opportunities if they are value accretive to shareholders and consistent with the Company's strategy.

**Attached is the Appendix 4C Quarterly Cash Flow Statement for the three months ending 30 June 2018.**

## Quarterly Activities and Cash Flow Statement

For the three months ending 30 June 2018

31 July 2018

Yours faithfully,



Paul R. Simmons  
**Chief Executive Officer**  
**MCS Services Limited**

For further information, please contact:

<b>Corporate/Operational</b>	Paul Simmons, Chief Executive Officer	+61 (8) 9301 2420
<b>Investors/Analysts</b>	Jonathan Asquith, Company Secretary	+61 (8) 9321 9669

### About MCS Services Limited

MCS Services Limited is a Company listed on the Australian Securities Exchange (ASX: **MSG**). The Company is one of the largest fully integrated security providers in Western Australia, employing over 500 operational staff and supervisors. MCS Services specialises in asset security at government offices and facilities, major commercial property sites, retail shopping centres, sports stadiums, construction sites, ancillary sites and major outdoor events throughout Western Australia.

Visit the Company's website ([www.mcssecurity.com.au](http://www.mcssecurity.com.au)) and see the Company's latest announcements ([www.asx.com.au/asx/research/company.do#!/MSG](http://www.asx.com.au/asx/research/company.do#!/MSG)) for more details.

### Forward-Looking Statements

This document includes forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning MCS Services Limited's planned activities, operations, expectations and other statements that are not historical facts. When used in this announcement, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and any other similar expressions are forward-looking statements. Although MCS Services Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. All figures presented in this document are unaudited and this document does not contain any forecasts of profitability or loss.

**-END-**

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

MCS Services Limited
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**ABN**

66 119 641 986
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**Quarter ended ("current quarter")**

30 June 2018
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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	5,380	20,996
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(30)	(123)
(d) leased assets	-	-
(e) staff costs	(4,372)	(16,354)
(f) administration and corporate costs	(424)	(2,749)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	11
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes (paid) refunded	-	(19)
1.7 Government grants and tax incentives	-	-
1.8 Other (GST to ATO)	(419)	(1,575)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>136</b>	<b>186</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(29)	(139)
(b) businesses	-	(201)
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(29)</b>	<b>(340)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from / (payments for) issues of shares	-	(58)
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	(146)
3.9	Other (provide details if material)	-	-
3.10	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>(204)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	728	1,193
4.2	Net cash from / (used in) operating activities (item 1.9 above)	136	186
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(29)	(340)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(204)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>835</b>	<b>835</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	835	728
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>835</b>	<b>728</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
24
-

Director fees paid to, or associate entities of, the Directors.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
56
-

Gross salary payments (incl superannuation) paid to the CEO, plus office rent paid to a related party of the CEO.

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	284	284
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

During the previous year the Company finalised the terms of an unsecured \$0.35m loan from the Vendors of MCS pursuant to the Capital Restructure announced on 7 September 2016. The proceeds of the loan were effectively already held by the Company, being an element of the post-closing payment due to the Vendors of MCS. During a previous Period \$100,000 of the loan was repaid, and during the current quarter \$20,000 was waived. Interest at 6% per annum since commencement is accrued.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	15
9.4 Leased assets	-
9.5 Staff costs	4,000
9.6 Administration and corporate costs	550
9.7 Other (GST to ATO)	400
<b>9.8 Total estimated cash outflows</b>	<b>4,965</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

### **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....  
Company Secretary

Date: 31 July 2018

Print name: Jonathan Asquith

### **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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.