

28 February 2022

**RESULTS FOR ANNOUNCEMENT TO THE MARKET
HALF YEAR FINANCIAL REPORT & APPENDIX 4D INFORMATION**

MCS Services Limited (**MCS Services** or the **Company**) (**ASX: MSG**) is pleased to present its auditor reviewed half-year report for the six months ending 31 December 2021 (**Period**) and Appendix 4D information.

APPENDIX 4D INFORMATION

1. The Reporting Period is the 6-month Period ended 31 December 2021. The Previous Corresponding Period is the 6-month period ended 31 December 2020.
2. **Results for announcement to the market**

		Reporting Period	Previous Corresponding Reporting Period	Percentage change
2.1	Revenue	\$22,298,995	\$17,787,098	25.4%
	EBITDA (See Note)	\$864,372	\$1,010,137	(14.4%)
2.2	Net profit from ordinary activities after tax attributable to members	\$676,043	\$765,847	(11.7%)
2.3	Net profit after tax attributable to members	\$676,043	\$765,847	(11.7%)

- 2.4 It is not proposed to pay a dividend.
- 2.5 There is no record date for determining entitlements to dividend.
- 2.6 Gross margins during the Period compared to the Previous Corresponding Period were adversely affected by competitive pressures and changes in the portfolio of work undertaken.

3. Net Tangible Assets per ordinary share on issue at 31 December 2021: \$0.017 (\$0.013 at 30 June 2021, \$0.008 at 31 December 2020)
4. The Company did not gain or lose control over any entities during the Period.
5. No dividends were paid or declared during the Period. The Company is not proposing to pay a dividend in relation to the Period;
6. The Company has no dividend re-investment plans in operation
7. The Company has no associates or joint venture entities.



Chamber of Commerce and Industry WA



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The Board and senior management are focussed on meeting the needs of its key stakeholders by providing excellent customer service, attracting and retaining quality staff, and delivering sustainable profitability and growth for its valued shareholders.

Yours faithfully



The Hon RC (Bob) Kucera APM JP
Non-Executive Chairman
MCS Services Limited

Note: EBITDA from ordinary activities is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for non-cash and non-ordinary items. The directors consider EBITDA from ordinary activities to reflect core earnings.

About MCS Services

MCS Services provides security services at major commercial property sites and retail shopping centres throughout the Perth metropolitan area and regional country areas of Western Australia. These security services include mobile patrols and response vehicle services. In addition, MCS provides electronic security services including the design, supply, installation and commissioning of security alarms, CCTV, biometric and access control systems to commercial, industrial and domestic sectors.

For further information, please visit the MCS website www.mcssecurity.com.au

This announcement has been authorised for release by the Board of Directors of the Company.



Chamber of Commerce
and Industry WA



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Interim Consolidated Financial Statements

For the half-year ended 31 December 2021

Registered Office & Principal Place of Business	3/108, Winton Road, Joondalup, WA, 6027	Ph: (08) 9301 2420 Fax: (08) 9301 2421
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Postal Address	PO Box 3399, Joondalup, WA, 6919
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Company website	www.mcssecurity.com.au
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Share Registry	Automatic Registry Services, Level 5, 191 St George's Terrace, Perth, WA, 6000	www.Automic.com.au (08) 9 324 2099 1300 288 664 (61) 2 9698 5414
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Securities Exchange	Australian Securities Exchange	Ticker 'MSG'
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Investor Queries	investors@mcssecurity.com.au
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Bankers	National Australia Bank, 197 St Georges Terrace, Perth,WA, 6000
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Legal	HWLE Ebsworth, Level 20, 240 St George's Terrace, Perth, WA, 6000	Verus Workplace Law, 63A Beamish Avenue, Brentwood, WA, 6153
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Auditors	Stantons International Audit & Consulting Pty Ltd, Level 2, 40 Kings Park Road, West Perth, WA, 6005
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Board of Directors	The Hon Robert Charles Kucera APM JP Mr Paul Simmons Mr Matthew Ward Mr Geoff Martin	Non-Executive Chairman Managing Director (appt 1 July 2019) Non-Executive Director Non-Executive Director
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Senior Management	Mr Paul Simmons Mr Mark Englebert	Chief Executive Officer (CEO) Chief Financial Officer (CFO)
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Company Secretary	Mr Jonathan Asquith
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Your directors present their report, together with the financial report on MCS Services Limited (Company) and its subsidiaries for the half-year ended 31 December 2021 (“Period” or “half-year”).

Directors

The names of Directors who held office during or since the end of the Period are set out below. Directors were in office for this entire period unless otherwise stated.

The Hon RC (Bob) Kucera APM JP	Non-Executive Chairman
Mr Geoffrey Martin	Non-Executive Director
Mr Matthew Ward	Non-Executive Director
Mr Paul Simmons	Managing Director

Company Secretary

The Company Secretary, Mr Jonathan Asquith, held office throughout the Period.

Operating Results

The Company recorded:

- earnings before interest, tax, depreciation and amortisation (EBITDA) of \$879,934 (\$1,022,887 in the prior corresponding period) before significant items such as share-based payment costs;
- a net profit after tax of \$676,043 (net profit after tax of \$765,847 in the prior corresponding period).

Operational Overview

The Company specialises in asset security at retail shopping centres, government offices and facilities, major commercial offices, sports stadiums and other ancillary sites and major events throughout the Perth metropolitan area and regional country areas of Western Australia.

During the Period the Company:

- continued to manage its operations in line with its ISO 14001 (Environment), ISO 9001 (Quality) and AS4801 / OHSAS 18001 (Health & Safety) certification. The Company's certifications cover the Company's core safety and quality systems including environmental management, recruitment, training, operating procedures, risk assessments, hazard identifications, safe working, toolbox meetings, incident investigations, internal auditing, data reporting and continuous improvement processes;
- applied relevant CPI increases to its customer charge-out rates, and provided a pay rise to all Guards effective 1 July 2021 having regard to the relevant Award rates;
- obtained a security licence in Queensland, adding to existing licences in Western Australia, Victoria, South Australia, ACT and New South Wales.
- announced winning contracts for three large Scentre Group (Westfield) shopping centres in Perth, such that MCS now services all four Westfield centres in WA;
- announced the renewal of its security contracts with Vicinity Centres for six Perth shopping centres already serviced by the Company, plus an additional seven smaller sites, such that MCS now services all Vicinity shopping centres in WA;

- was only mildly affected by COVID restrictions on our clients' businesses, with retail and commercial clients operating to standard operational volumes. There remains an effect to our Events-security segment as music and sports events were limited in number and/or customer-capacity over the Period;
- continued to provide security at one Perth hotel utilised for COVID isolation, utilising a specialist roster of staff operating to protocols and PPE requirements developed in line with regulatory requirements and guidance. The continuation / volume of such work going forward is subject to a number of factors including Government policy, quarantine regulations and incoming flight levels;
- continued its ad-hoc volume contract for the North Metropolitan Health Service (a division of the WA State Government), providing security services when required across up to five major Perth hospitals. This work provides the Company the opportunity to further demonstrate its services to the Health sector;
- expanded its Alarms & CCTV division by hiring additional staff. The division continues to expand, primarily servicing the shopping centre and hotel sector;
- continues to actively review and enhance its marketing strategy.

Corporate Overview

The Company's organic growth strategy includes:

- pursuing pipeline opportunities in WA and other states, including lodging high quality tenders;
- leveraging its reputation with existing clients to obtain work at additional locations, and
- 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 inter-state through the identification and acquisition of suitable targets. The Company may progress these opportunities if they are value accretive to shareholders and consistent with the Company's strategy.

The Company's dormant subsidiary, John Boardman Pty Ltd (JBPL), was de-registered with ASIC during the Period.

Subsequent to the Period:

- the Company issued, upon conversion of Performance Rights, 1.8 million shares to the CEO and 0.9 million shares to the CFO (**Note 11**).
- the Company entered into an agreement for the acquisition of a traffic management company (**Note 13**).

Capital

No shares or options were issued, bought back or expired during the Period.

During the Period the Company announced in December 2021 its intention to continue over the following 12 months with its on-market share buyback for up to 10 per cent of its issued share capital.

The Company had the following securities on issue at the date of this report:

	Number
Ordinary Shares	188,974,557
Unlisted Options	18,000,000
Performance Rights	2,700,000

Signed in accordance with a resolution of the directors

The Hon RC (Bob) Kucera APM JP
Non-Executive Chairman
Dated this 28th day of February 2022



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Australia

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28 February 2022

Board of Directors,
MCS Services Limited,
3/108 Winton Road,
JOONDALUP. WA. 6027.

Dear Sirs

RE: MCS SERVICES LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of MCS Services Limited.

As Audit Director for the review of the financial statements of MCS Services Limited for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Samir Tirodkar
Director



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Consolidated Statement of Financial Position as at 31 December 2021



	Note	31 Dec 2021 \$	30 June 2021 \$
Assets			
Current Assets			
Cash and cash equivalents		4,565,766	4,612,698
Trade and other receivables	5	4,239,215	2,815,370
Prepayments		703,772	108,021
Inventory and Work in Progress		148,871	122,820
Total Current Assets		9,657,624	7,658,909
Non-Current Assets			
Plant and equipment	6	337,285	244,972
Restricted cash and bonds		202,200	52,200
Right of Use Asset	7	165,974	186,974
Total Non-Current Assets		705,459	484,146
Total Assets		10,363,083	8,143,055

(Continued overleaf)

Consolidated Statement of Financial Position as at 31 December 2021



	Note	31 Dec 2021 \$	30 June 2021 \$
Current Liabilities			
Trade and other payables		3,673,110	2,676,470
Employee leave entitlements		1,965,181	1,959,843
Lease liabilities	7,9	55,754	54,938
Borrowings	10	569,337	-
Other		386,446	380,370
Total Current Liabilities		6,649,828	5,071,621
Non-Current Liabilities			
Employee leave entitlements		179,199	202,407
Lease liabilities	7,9	148,314	174,890
Total Non-Current Liabilities		327,513	377,297
Total Liabilities		6,977,341	5,448,918
Net Assets		3,385,742	2,694,137
Equity			
Issued capital	11	17,980,625	17,980,625
Share option & Performance Right reserve	11	353,362	337,800
Accumulated losses		(17,179,600)	(17,179,600)
Profit Reserve		2,231,355	1,555,312
Total Equity		3,385,742	2,694,137

This statement should be read in conjunction with the Condensed Notes to the Financial Statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Half Year Ended 31 December 2021



	Note	31 Dec 2021 \$	31 Dec 2020 \$
Revenue		22,298,995	17,787,098
Cost of sales, incl operational staff expenses		(18,761,719)	(14,345,715)
Gross profit		3,537,276	3,441,383
Other income		20,492	15,627
Employee expenses and benefits (non-operational staff)		(1,206,884)	(1,284,801)
Directors fees and remuneration		(72,500)	(62,500)
Insurance		(576,849)	(532,762)
Other expenses		(821,601)	(554,060)
		(2,657,342)	(2,418,496)
		879,934	1,022,887
Share based payments expense		(15,562)	(12,750)
		864,372	1,010,137
Finance expenses		(32,074)	(16,486)
Depreciation of Plant & Equipment	6	(61,691)	(50,211)
Depreciation of Right of Use Asset	7	(21,000)	(21,000)
		(114,765)	(87,697)
Profit / (loss) before tax		749,607	922,440
Income tax expense		(73,564)	(156,593)
Profit / (loss) for the period attributable to members of MCS Services Limited		676,043	765,847
Other Comprehensive income		-	-
Total comprehensive Profit / (loss) for the period attribut- able to members of MCS Services Limited		676,043	765,847
Earnings per share		Cents	Cents
Basic profit (loss) per share from continuing operations	12	0.363	0.411
Diluted profit (loss) per share from continuing operations	12	0.341	0.403

This statement should be read in conjunction with the Condensed Notes to the Financial Statements.

Consolidated Statement of Change in Equity for the Half Year Ended 31 December 2021



	Profit Reserve \$	Ordinary shares \$	Share option Reserve \$	Accumulated losses \$	Total \$
Balance 30 June 2021	1,555,312	17,980,625	337,800	(17,179,600)	2,694,137
Profit for the period	676,043	-	-	-	676,043
Total comprehensive income	676,043	-	-	-	676,043
Issue of Performance Rights	-	-	15,562	-	15,562
Balance 31 December 2021	2,231,355	17,980,625	353,362	(17,179,600)	3,385,742
Balance 30 June 2020	-	17,980,625	238,800	(17,180,512)	1,038,913
Profit for the period	-	-	-	765,847	765,847
Total comprehensive income	-	-	-	765,847	765,847
Issue of Performance Rights	-	-	12,750	-	12,750
Balance 31 December 2020	-	17,980,625	251,550	(16,414,665)	1,817,510

This statement should be read in conjunction with the Condensed Notes to the Financial Statements

Consolidated Statement of Cashflows for the Half Year Ended 31 December 2021



	Note	31 Dec 2021 \$	30 Dec 2020 \$
Cash flows from operating activities			
Receipts from customers		23,080,937	18,880,626
Payments to employee, suppliers and directors		(22,732,472)	(17,758,977)
Income tax paid		(67,487)	-
Net cash from operating activities		280,978	1,121,649
Cash flows from investing activities			
Interest received		8,941	5,960
Interest paid		(18,636)	(10,482)
Payment for security for bank guarantees		(150,000)	-
Payment for fixed assets		(163,520)	(66,491)
Proceeds on sale of fixed assets		21,065	1,305
Net cash (used in) investing activities		(302,150)	(69,708)
Cash flows from financing activities			
Repayment of related party vendor loan	8	-	(85,084)
Vehicle Finance	9	(5,114)	(5,114)
AASB 16 Office Lease	7,9	(20,646)	(25,812)
Net cash (used in) financing activities		(25,760)	(116,010)
Net increase / (decrease) in cash and cash equivalents		(46,932)	935,931
Cash and cash equivalents at the beginning of the financial period		4,612,698	2,081,305
Cash and cash equivalents at the end of the financial period		4,565,766	3,017,236

The above Cash at end of the Period excludes \$200,000 cash held by the Company's bank as security for guarantees provided to clients, and classified as Non Current in the Statement of Financial Position.

This statement should be read in conjunction with the Condensed Notes to the Financial Statements

Condensed Notes to the Financial Statements for the Half Year Ended 31 December 2021



MCS Services Limited and its subsidiaries' (Group or Consolidated Entity) principal activity during the half-year was the provision of uniformed security and related services.

1. General information and basis of preparation

These condensed interim consolidated financial statements (**the interim financial statements**) of the Group are for the six months ended 31 December 2021 and are presented in Australian dollars (\$), which is the functional currency of the Group.

These general purpose interim financial statements have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards Board (**AASB**) 134: *Interim Financial Reporting*. They do not include all of the information required in the annual financial statements in accordance with International Financial Reporting Standards (**IFRS**), and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2021 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements under the Australian Securities Exchange (**ASX**) Listing Rules and *Corporations Act 2001*.

The interim financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The interim financial report covers MCS Services Limited (**Company**) and its 100% subsidiaries MCS Security Group Pty Ltd and John Boardman Pty Ltd (collectively, **Group**).

MCS Services Limited is a public company, incorporated and domiciled in Australia. The registered office is 3/108 Winton Road, Joondalup, WA, 6027. The Company was incorporated on 11 May 2006.

The interim financial statements for the half-year ended 31 December 2021 (including the comparatives) were approved by the board of directors on 28th February 2022.

2. Summary of significant accounting policies

Except as noted below, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The Company has considered the implications of new and amended Accounting Standards but determined their application to the financial statements is either not relevant or not material.

Condensed Notes to the Financial Statements for the Half Year Ended 31 December 2021

3. Judgements, Estimates and Assumptions

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2021.

4. Going Concern

The financial statements of the Group have been prepared on a going concern basis which anticipates the ability of the entity to meet its obligations in the normal course of business.

The Group earned a profit after tax for the Period of \$676,043 and had a cash balance of \$4,565,766 (excluding \$0.2 million ring-fenced to secure bank guarantees to a client), a working capital surplus of \$3,007,796 and net assets of \$3,385,742 as at 31 December 2021.

The Board are satisfied that the Company will be able to pay liabilities as and when they fall due.

5. Trade and other receivables

	31 December 2021	30 June 2021
	\$	\$
Trade debtors	4,264,344	2,831,031
Provision for Doubtful Debts	(37,989)	(24,738)
	4,226,355	2,806,293
Other receivables	12,860	9,077
	4,239,215	2,815,370

All of the Group's Trade Receivables and Other Receivables as at 31 December 2021 have been reviewed for indicators of impairment. The Group applies the simplified approach in assessing for expected credit losses, with expected credit losses on trade receivables estimated using a provision matrix by reference to past default experience and analysis of the debtor's current financial position. In addition, a specific review for individual impaired accounts is undertaken. The above impairment provision of \$37,989 as at 31 December 2021 includes \$24,738 of provision remaining from prior periods and an additional provision for impairment of \$13,251 based on an analysis of specific balances identified as past due and impaired and expensed to Profit & Loss during the Period.

Condensed Notes to the Financial State for the Half Year Ended 31 December 2021

6. Plant and Equipment

	Furniture & equipment \$	Motor vehicles \$	Software \$	Total \$
31 December 2021				
Cost				
Balance at 1 July 2021	544,193	334,689	176,535	1,055,417
Additions	89,432	74,088	-	163,520
Disposals & other movements	-	(25,452)	-	(25,452)
Balance at 31 December 2021	633,625	383,325	176,535	1,193,485
Depreciation				
Balance at 1 July 2021	(441,381)	(211,463)	(157,601)	(810,445)
Disposals & other movements	-	15,936	-	15,936
Depreciation	(23,866)	(29,026)	(8,799)	(61,691)
Balance at 31 December 2021	(465,247)	(224,553)	(166,400)	(856,200)
Carrying amount at 31 December 2021	168,378	158,772	10,135	337,285
30 June 2021				
Cost				
Balance at 1 July 2020	462,378	289,855	176,535	928,768
Additions	82,905	68,224	-	151,129
Disposals & other movements	(1,090)	(23,390)	-	(24,480)
Balance at 30 June 2021	544,193	334,689	176,535	1,055,417
Depreciation				
Balance at 1 July 2020	(405,445)	(183,929)	(136,070)	(725,444)
Depreciation	(36,877)	(43,798)	(21,531)	(102,206)
Disposals	941	16,264	-	17,205
Balance at 30 June 2021	(441,381)	(211,463)	(157,601)	(810,445)
Carrying amount at 30 June 2021	102,812	123,226	18,934	244,972

Condensed Notes to the Financial Statements for the Half Year Ended 31 December 2021

7. Right of Use Asset and Lease Liability

AASB 16 Leases was issued in February 2016 by Australian Accounting Standards Board and became applicable to the Company for the first time in a prior corresponding Period, being the Company's first annual reporting period beginning on or after 1 January 2019.

The Standard resulted in relevant leases being recognised on the Statement of Financial Position, as the distinction between operating and finance leases has been removed by the Standard. Under the Standard, an asset (the right to use the leased item) and a financial liability (to pay future rentals) has been recognised. The Standard has been applied in relation to the Company's office lease in Joondalup, WA. The Standard allows exceptions for short-term and low-value leases.

	31 December 2021 \$	30 June 2021 \$
Right of Use Asset		
At the beginning of the Period	422,492	422,492
	422,492	422,492
Accumulated Depreciation		
At the beginning of the Period	(235,518)	(193,518)
Depreciation in Period	(21,000)	(42,000)
	(256,518)	(235,518)
Carrying value at end of the Period	165,974	186,974
Lease Liability		
At the beginning of the Period	(214,481)	(256,265)
Interest in Period	(5,648)	(9,825)
Lease Payments in Period	26,294	51,609
At the end of the Period	(193,835)	(214,481)
Classified as:		
Current Liability (Note 9)	(45,521)	(44,703)
Non-current Liability (Note 9)	(148,314)	(169,778)
	(193,835)	(214,481)

Condensed Notes to the Financial Statements for the Half Year Ended 31 December 2021

Amounts recognised in the Statement of Profit or Loss for the Period in relation to the above are:

	31 December 2021 \$	30 June 2021 \$
Finance expenses: interest expense on lease liability	(5,648)	(9,825)
Depreciation of Right of Use Asset	(21,000)	(42,000)
	(26,648)	(51,825)

The lease payments totaling \$26,294 to the office landlord during the Period are recorded in the Statement of Cashflows as \$20,646 AASB 16 Office Lease in cashflows from financing activities and \$5,648 Interest Paid in cashflows from investing activities.

8. Related Party Loan

There were no significant changes to the nature of related party relationships and transactions from those disclosed in 30 June 2021 annual report.

9. Lease Liabilities

During a prior period the Company obtained finance for an Operations Team motor vehicle and also applied AASB 16 Leases in relation to its office lease (**Note 7**).

	31 December 2021 \$	30 June 2021 \$
Current Liability		
Motor Vehicle Lease	10,233	10,235
Office Lease (Note 7)	45,521	44,703
At the end of the Period	55,754	54,938
Non Current Liability		
Motor Vehicle Lease	-	5,112
Office Lease (Note 7)	148,314	169,778
At the end of the Period	148,314	174,890

10. Borrowings

During the Period the Company arranged Premium Funding for its 2021/22 insurance. Ten equal monthly instalments are payable to June 2022.

Condensed Notes to the Financial Statements for the Half Year Ended 31 December 2021

11. Issued capital

	Half Year Ended 31 December 2021	Year Ended 30 June 2021
Ordinary Shares (\$)		
At the beginning of the Period	17,980,625	17,980,625
At the end of the Period	17,980,625	17,980,625
Ordinary Shares (Number)		
At the beginning of the Period	186,274,557	186,274,557
At the end of the Period	186,274,557	186,274,557

At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	31 December 2021	30 June 2021
Share Option & Performance Right Reserve (\$)		
At the beginning of the Period	337,800	238,800
Movement	15,562	99,000
At the end of the Period	353,362	337,800
Share Option & Performance Rights (Number)		
At the beginning of the Period	23,400,000	21,600,000
Movement	-	1,800,000
At the end of the Period	23,400,000	23,400,000

On 30 November 2017 the Company granted 9 million unlisted options as a Directors incentive, and on 19 December 2017 granted 9 million unlisted options as a staff incentive. The options were issued for \$nil consideration and are exercisable at 4 cents on or before 30 November 2022. The options were valued at \$213,300.

Effective 29 November 2019 shareholders agreed at the Annual General Meeting for the granting of Performance Rights to Paul Simmons, the CEO, entitling him to being issued up to 3.6 million ordinary shares in the Company subject to achieving performance hurdles over reporting periods to June 2022. The Performance Rights were valued at \$61,200 with \$25,500 of this value expensed in the period to 30 June 2020, \$25,500 in the period to 30 June 2021, and \$6,375 in this Period. The remaining value is to be expensed over the future period to June 2022.

On 9 February 2021 the Company granted Performance Rights to the Chief Financial Officer. The Performance Rights entitle the holder to being issued up to 1.8 million ordinary shares in the Company subject to achieving performance hurdles (earnings per share and strategic plan milestones) over the period to 30 June 2022. The Performance Rights were valued at \$88,200, with \$73,500 of this value expensed in the period to 30 June 2021, and \$9,187 in this Period. The remaining value is to be expensed over the future period to 30 June 2022.

Subsequent to the Period-end, 1,800,000 shares were issued to the CEO and 900,000 were issued to the CFO on 7 February 2022 upon conversion of Performance Rights.

Condensed Notes to the Financial Statements for the Half Year Ended 31 December 2021



12. Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit (loss) attributable to shareholders of MCS Services Limited as the numerator.

The weighted average number of shares for the purposes of calculating the basic and diluted earnings per share are as follows:

	31 December 2021 No.	31 December 2020 No.
Weighted average number of shares: basic	186,274,557	187,544,557
Weighted average number of shares: dilutive	198,245,986	189,874,557

13. Events subsequent to balance date

Except for the below, there has not been any matter or circumstance occurring subsequent to the end of the Period that has significantly affected or may significantly affect the operations of the Company, the results of operations or the state of affairs of the Company in future financial period;

- subsequent to the Period, and as announced to shareholders on 24 January 2022, the Company has entered into an agreement for the acquisition of a traffic management company. Settlement is anticipated for March 2022. Details of the agreement are included in the 24 January 2022 announcement;
- the WA State Government had planned to significantly ease state border controls from 5 February 2022 but this was recently deferred. The Company has nevertheless undertaken planning for possible consequences of an easing of border controls including on the supply of additional PPE, training, procedures, the requirements of clients and the availability of staff;
- 1.8 million shares were issued to the CEO and 0.9 million to the CFO upon conversion of Performance Rights (**Note 11**) .

14. Segmental information

Information reported to the chief operating decision maker for the purposes of resource allocation, and assessment of segment performance focuses on operating sector. The Group's reportable segments under AASB 8 are Security Services and, as such, the financial information presented in the Statement of Financial Position and Statement of Profit or Loss represent the Security Service segment. There were no inter-segment revenues and expenses.

15. Winding up of JBPL

During the half-year to 31 December 2017 the winding up of John Boardman Pty Ltd (JBPL), a 100% owned subsidiary of the Company, was commenced. JBPL had no material assets, did not trade, and its main liabilities were tax amounts of some \$0.32m arising prior to JBPL's acquisition by the Company and as warranted by the vendor.

During a previous period the Company settled a legal claim from the liquidator of JBPL relating to the pre-acquisition vendor-warranted tax liabilities. The settlement released the Company from all existing and possible claims. As a result, the net liabilities of JBPL — as previously consolidated into the Group's reported financial position — were no longer a liability of the Group.

JBPL was deregistered by the liquidator in this Period.

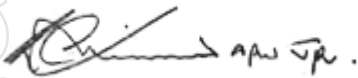
Directors' Declaration

The directors of the Company declare that:

1. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
2. The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - a) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
 - b) Complying with Accounting Standards AASB 134 Interim Financial Reporting.

This declaration is made in accordance with a resolution of the directors made pursuant to s303(5) of the Corporation Act 2001.

On behalf of the Directors



The Hon RC (Bob) Kucera APM JP
Non-Executive Chairman

Dated this 28th day of February 2022

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
MCS SERVICES LIMITED**

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of MCS Services Limited, which comprises the consolidated statement of financial position as at 31 December 2021, 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, condensed notes comprising a summary of significant accounting policies and other explanatory information, 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 accompanying half-year financial report of MCS Services Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the MCS Services Limited financial position as at 31 December 2021 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*.

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*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 28 February 2022.

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Responsibility of the Directors for the Financial Report

The directors of MCS Services Limited 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the 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 makes us 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 31 December 2021 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*.

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.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd
Samir

Samir Tirodkar
Director

West Perth, Western Australia
28 February 2022