



Activities Report & Cash Flow Statement
For the 3 months ending 30 September 2019

Quarterly Activities and Cash Flow Statement

For the three months ending 30 September 2019

31 October 2019

MCS Services Limited (**MCS Services**) (**Company**) (ASX: **MSG**) is pleased to present its Activities Report and Appendix 4C for the three months ending 30 September 2019 (**Period**).

During the Period the Company recorded a net cash outflow of \$490,000, finishing the Period with a cash balance of \$1,608,000 (30 June 2019: \$2,098,000). The cash position as at 30 June 2019 was materially a result of the timing of payments to the Company by customers.

Cash and net receivables as at 30 September 2019 totaled \$2.5 million (\$2.5 million as at 30 June 2019) comprising cash of \$1.6 million (\$2.1 million as at 30 June 2019) and net receivables of \$0.9 million (\$0.4 million as at 30 June 2019).

OPERATIONS UPDATE

The Company has maintained all major clients and added others.

During the Period the Company:

- Uniformed Security:
 - o won new security contracts at six shopping centres in suburban Perth;
 - o won a tender, with an existing WA customer, for security at a major commercial building in the Perth CBD
- Alarm & CCTV:
 - o continued to seek expansion of its market for the installation, maintenance and monitoring of CCTV and alarm systems at shopping centres, aged-care facilities and hotels in WA and the Northern Territory;
- Events and Stadia:
 - o commenced additional work for an existing customer, the owner and operator of multiple venues across Perth, to also provide security at their other venues. Such additional work, primarily providing security for music and sports events, commenced in July 2019 and further cements the Company's position in the WA event-security market.
- Quality Management Systems
 - o prepared for an independent audit of its Quality and Health & Safety processes by Ashburton Assurance. Subsequent to the end of the Period the Company was awarded ISO 9001 (Quality), AS 4801 and OHSAS 18001 (Health and Safety) certification.

GROWTH OPPORTUNITIES

During a previous Period the Company obtained a Security operating licence for Victoria. During the Period the Company obtained a Security operating licence for New South Wales.

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

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may progress these opportunities if they are value accretive to shareholders and consistent with the Company's strategy.

The company continues to actively review and enhance its marketing strategy.

CORPORATE

Effective 1 July 2019 Mr Paul Simmons was appointed to the Board of Directors as Managing Director.

Paul Simmons was the founder and driving force of MCS Security Group Pty Ltd since its inception in 2005. Following its acquisition by MCS Services Limited in 2015 Paul continued in the role of CEO of MCS Security.

Attached is the Appendix 4C Quarterly Cash Flow Statement for the three months ending 30 September 2019.

Yours faithfully,



Paul R. Simmons
Chief Executive Officer
MCS Services Limited

For further information, please contact:

Corporate/Operational	Paul Simmons, Chief Executive Officer	+61 (8) 9301 2420
Investors/Analysts	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 or see the Company's latest announcements <https://www.asx.com.au/asx/share-price-research/company/MSG> for more details.

Forward-Looking Statements

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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

ABN

66 119 641 986

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,099	6,099
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(45)	(45)
(d) leased assets	-	-
(e) staff costs	(5,343)	(5,343)
(f) administration and corporate costs	(653)	(653)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid) refunded	(9)	(9)
1.7 Government grants and tax incentives	-	-
1.8 Other (GST to ATO)	(509)	(509)
1.9 Net cash from / (used in) operating activities	(458)	(458)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(32)	(32)
(b) businesses	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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 Net cash from / (used in) investing activities	(32)	(32)

3. Cash flows from financing activities		
3.1 Proceeds from / (payments for) issues of shares	-	-
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	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2,098	2,098
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(458)	(458)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(32)	(32)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,608	1,608

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,608	2,098
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,608	2,098

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

Current quarter \$A'000
31
-

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

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

Current quarter \$A'000
60
-

Gross salary payments (incl superannuation) paid to the CEO (excluding Director fees) plus office rent paid to a related party of the CEO

8. Financing facilities available <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	179	179
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.		

The Company finalised the terms of an unsecured \$0.35m loan from the Vendors of MCS Security 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. Subsequently \$100,000 of the loan was repaid and \$20,000 was waived. Interest at 6% per annum since commencement is accrued.

During the September 2018 Period the terms of the loan were varied such that \$120,000 was payable on 31 October 2018 with the remainder payable not later than 31 October 2020. Other terms remain unchanged. The aforementioned \$120,000 loan repayment was made during the December 2018 Period.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	75
9.4 Leased assets	-
9.5 Staff costs	5,000
9.6 Administration and corporate costs	800
9.7 Other (GST to ATO)	500
9.8 Total estimated cash outflows	6,375

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	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 October 2019

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.