

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 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,149	19,464
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(15)	(111)
(d) leased assets	-	(57)
(e) staff costs (1)	(4,095)	(15,932)
(f) administration and corporate costs	(403)	(1,429)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	14	21
1.5 Interest and other costs of finance paid	-	(2)
1.6 Income taxes paid	(266)	(114)
1.7 Government grants and tax incentives	-	-
1.8 Other (GST to ATO)	(388)	(1,604)
1.9 Net cash from / (used in) operating activities	(4)	238

(1): Includes payroll, PAYG, payroll tax, superannuation etc

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(28)	(90)
(b) businesses (see item 10)	-	350
(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 Net cash from / (used in) investing activities	(28)	260

3. Cash flows from financing activities		
3.1 Proceeds from 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		250
3.6 Repayment of borrowings	(100)	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	(542)
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(100)	(292)

The borrowings at 3.5 above reflects the conversion of a \$350,000 payment owing by the Company to the Vendors into an unsecured loan, as announced on 7th September 2016. Final documentation for the loan was finalised during the previous Period, and \$100,000 of the loan was repaid in the Period.

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	1,323	985
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(4)	238
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(28)	260

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(100)	(292)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,191	1,191

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	1,191	1,322
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)	1,191	1,322

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
24
-

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

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
56
-

Gross salary payments (incl superannuation) paid to the CEO, 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	250	250
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 period 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 the Period \$100,000 of the loan was repaid.

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	15
9.4 Leased assets	-
9.5 Staff costs	4,000
9.6 Administration and corporate costs	400
9.7 Other (GST to ATO)	400
9.8 Total estimated cash outflows	4,815

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 July 2017

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.