

2 November 2016

Australian Securities Exchange (ASX)
Level 40, Central Park
152-154 St George's Terrace
Perth WA 6000

DIVIDEND PAYMENT AND DRP ADOPTION

MCS Services Limited (**MCS Services** or the **Company**) (ASX: **MSG**) is pleased to advise that it has resolved to pay an unfranked dividend of \$650,000 (being \$0.00322 per share) and adopt a dividend reinvestment plan (**DRP**). The dividend has been declared after considering the cash position and profitability from the Company's operations for the financial year ended 30 June 2016 as well as taking into consideration potential future acquisitions by the Company.

Based on the closing share price of \$0.029 as at 31 October 2016, the full year dividend of \$0.00322 per share represents a basic dividend yield of 11.10%.

Commenting on the confirmation of the dividend, MCS Services' Non-Executive Chairman said "The MCS Board is committed to delivering returns to shareholders and is pleased to be in a position of paying a dividend of \$0.00322 per share and offer a DRP in its first year of trading as an ASX listed company."

Dividend Payment and Dividend Reinvestment Plan

Shareholders will have the option of receiving a cash dividend or being issued shares in the Company at a price of \$0.025 per share which represents a 13.8% discount based on the closing share price of \$0.029 as at 31 October 2016.

Shareholders will be able to participate in the DRP either in full or in part, at their election. An election notice (**Election Notice**) will be sent to shareholders on or about 11 November 2016. Shareholders who wish to participate in the DRP are required to return the Election Notice by 5:00pm (WST) on 9 December 2016.

The DRP, in respect of the final dividend, will not be underwritten.

In accordance with the ASX Listing Rules, the timetable applicable for the dividend and DRP is outlined below:

Event	Date *
Announcement of Dividends	02 November 2016
Despatch letter to shareholder (including Election Notice)	11 November 2016
Trading in Shares starts on an "ex dividend basis"	07 December 2016
Record Date for first dividend	08 December 2016
Last date for receipt of election to participate in DRP	09 December 2016
Payment date of dividend	16 December 2016
Expected issue date of shares under the DRP	16 December 2016

** Dates are indicative and may be subject to change.*

Shareholders electing to participate in the DRP will be able to access a copy of the DRP on the Company's website or from the Company's share register, Automic Registry Services (**Automic**).

Shareholders electing to receive a cash dividend should ensure that they have provided Automic with banking details and TFN details (if applicable), as all dividend payments will be via direct credit.

Automic's contact details are:

- Online: www.automic.com.au
- By Mail: Automic Registry Services
PO Box 2226
Strawberry Hills NSW 2012
- By Phone: (within Australia) 1300 288 664
(international) +61 2 9698 5414

Acquisition Update

The Company is pursuing a combined strategy of organic and acquisition growth.

In terms of organic growth opportunities, the Company is pursuing a pipeline of new work and renewals including:

- in Mining, Oil & Gas, Retail, Industrial, Commercial, Marine and Health Care sectors;
- seeking avenues by which the Company can take up invitations by existing Retail customers to lodge tenders for their Australian eastern states locations.

The Company believes it is well placed to deliver organic growth having regard to:

- its scale, providing the ability to tender for large retail, sports, health care and events;
- its reputation, allowing it to tender on quality and reliability as well as price;
- current and in-process accreditations and licences.

In terms of acquisition growth, the Company's strategy is to acquire complimentary businesses in:

- Australian eastern states and regional centres operating in retail security;
- Marine / Industrial security;
- Security training;
- Ancillary retail (maintenance, cleaning).

Acquisition targets are being sought which demonstrate combinations of:

- An acquisition price that, relative to forecast profits, would be clearly share price accretive to the Company;
- Consistent revenue, backed by long term contracts;
- Consistent profit margins, with a low capex demand;
- Providing the Company with leverage into a new or expanded sector / geography / accreditation;
- Ease of operational integration, and cultural fit, with the Company.

The Company is currently in advanced discussions with one acquisition target as follows:

- Specialises in industrial and commercial security;
- Privately owned, WA based;
- Acquisition pricing, incl a cash and equity component, which would be share price accretive to the Company;
- Forecast to add over 10% to Company turnover, and holding (amongst others) two sizeable and long term specialised industrial contracts. Also holds an attractive Industrial-security sector pipeline;
- Forecast gross margins 27% and post-acquisition EBITDA 17% (aided by utilisation of existing Company administration facilities);
- Key vendor to remain as Manager under an incentivised scheme, including managing the existing and expected specialised Industrial pipeline;
- Its experience and accreditations in the specialised industrial segment expected to significantly aid the Company's leverage into that sector;
- Anticipated ease of integration into MCS processes and culture

For, and on behalf of, the Board of the Company,

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

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About MCS Services Limited

MCS Services Group is a company listed on the Australian Securities Exchange (ASX: MSG) and is one of the largest fully integrated security providers in Western Australia, employing over 500 operational staff and supervisors.

MCS Services Group specialises in asset security at government offices and facilities, major commercial property sites, retail shopping centres, sports stadiums, construction sites and major events throughout Western Australia.

MCS Services Group is an established, profitable and growing business that is focussed on both strategic acquisitions of high quality security businesses and underlying organic growth to generate positive returns for our shareholders.

MCS Services Group commenced trading on the Australian Securities Exchange on 29 December 2015.