MCS Services Ltd

ABN: 66 119 641 986

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

CORPORATE DIRECTORY

MCS Services Limited

ABN 66 119 641 986

Registered Office & Principal Place of Business	3/108, Winton Road, Joondalup, WA, 6027	**Ph:** (08) 9301 2420 **Fax**: (08) 9301 2421
Postal Address	PO Box 3399, Joondalup, WA, 6919	
Company website	www.mcssecurity.com.au	
Share Registry	Automic Registry Services, 7 Ventnor Ave, West Perth, WA, 6005	www.Automic.com.au (08) 9 324 2099 1300 288 664 (61) 2 9698 5414
Securities Exchange	Australian Securities Exchange	Ticker ‘MSG’
Investor Queries	investors@mcssecurity.com.au	
Bankers	National Australia Bank, 197 St Georges Terrace, Perth,WA, 6000	
Legal	Moray & Agnew, Level 30, Exchange Tower, 2, The Esplanade, Perth, WA, 6000	
Auditors	Stantons International Audit & Consulting Pty Ltd, Level 2, 1 Walker Avenue, West Perth, WA, 6005	
Board of Directors	The Hon Robert Charles Kucera APM JP	Non-Executive Chairman
	Mr Paul Simmons	Managing Director (appt 1 July 2019)
	Mr Matthew Ward	Non-Executive Director
	Mr Geoff Martin	Non-Executive Director
Senior Management	Mr Paul Simmons	Chief Executive Officer (CEO)
	Mr Mark Englebert	Chief Financial Officer (CFO)
Company Secretary	Mr Jonathan Asquith	

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During the Reporting Period the Group's achievements included:

Operational Achievements

- a 23% increase in revenue, from $19.12 million in 2018 to $23.56 million in 2019, including through:
    - maintaining core retail, events, commercial and covert security clients;
    - leveraging our reputation and expertise to win additional sites / work-flow from existing retail and commercial clients,
    - winning expanded roles and locations for event security at major stadia and for large local government events;
    - winning retail, events and education security opportunities in regional WA and Northern Territory;
    - expanding the Alarm & CCTV division;

Financial Achievements:

- an operating EBITDA profit (before Significant Items) of $0.4 million; and
- an underlying net operating profit after tax (before Significant Items) of $0.3 million.

Corporate Achievements

- the company bought back and cancelled shares as part of an Unmarketable Parcels Share Buy Back.

  Subsequent to the Reporting Period, Paul Simmons, the CEO, was appointed to the Board as Managing Director effective 1 July 2019.

On behalf of the Board of MCS Services Limited ("**the Company"**) we present the Annual Report for the Company and related entities (collectively, "**the Group**") covering the financial performance, position and activities for the 12 months ended 30 June 2019 **("Financial Year").**

Operational Achievements

(a) Strategy

During the Reporting Period the Group continued to execute on its strategic plan for the business, including:

- maintaining our core retail, events, commercial and covert security clients;
- leveraging our reputation and expertise to win additional sites / work-flow from existing retail and commercial clients, plus winning expanded roles and locations for event security at major stadia and for large local government events;
- winning retail, events and education security opportunities in regional WA and Northern Territory;
- tendering for mining and ports opportunities;
- expanding the service offering to the Aged Care sector;
- expanding the Alarm & CCTV division, including the hiring of a segment manager and winning work from various existing shopping centre clients and from a major international hotel chain at its locations in WA and Northern Territory;
- obtaining an operating licence for Victoria, and lodging its application for an operating licence in NSW;
- tendering for retail opportunities in the eastern states;
- enhancing our marketing strategy by engaging a specialist Business Development consultant, hiring an experienced security-sector Business Development Manager, further developing the strategically targeted marketing plan utilising the expertise of the above, and resourcing those target areas.

(b) Management and Administration

During the Reporting Period the Group:

- continued developing and implementing processes – including extensive process design and reporting to enable the Company to move towards ISO 9001 Quality Management, 14001 Environmental Management and 45001 Occupational Health & Safety Management certification. The Company aims to have its management processes audited and certified by June 2020;
- installed and trained staff in an integrated risk, compliance and business optimisation IT system;
- progressed moving all staff onto a new integrated Payroll IT system, with completion due by 31 December 2019

(c) Acquisition Growth

During the Reporting Period the Group undertook discussions with a number of security companies regarding possible acquisitions, joint ventures and / or purchase of contracts. The Company will only make acquisitions that are value accretive to shareholders and which are consistent with its strategic objectives;

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(d) Organic Growth

During the Reporting Period the Group:

- renewed / extended contracts with retail and commercial security clients as they fell due;
- leveraged the expertise from servicing its existing client base into winning further work from existing clients and in new segments;
- won additional security contracts including but not limited to:
  - additional retail security work, including in Northern Territory;
  - additional events security work for a WA State Government entity;
  - new education security work at a TAFE college;
  - gatehouse, patrol and event security at a large and prestigious sailing club / marina in Perth.

Corporate Achievements

During the Reporting Period the company bought back and cancelled 1,765,051 ordinary shares as part of an Unmarketable Parcels Share Buy Back at a buy-back price of 1.64 cents totalling $28,945 to achieve share registry and administrative cost savings and as doing so was an efficient use of capital.

There was no change to the Board of Directors during the Reporting Period. Subsequent to the Reporting Period, Paul Simmons, the CEO, was appointed to the Board as Managing Director effective 1 July 2019.

The year has however not been without its challenges, including:

- the Group is awaiting results of further material tenders in long lead-time processes;
- after an investment in licencing and Business Development for South Australia, Victoria and (in progress) NSW, the Group continues to work on securing work in those States;
- reviewing but electing not to pursue business acquisition opportunities;
- after finalising a review of Workers Compensation insurance premium liabilities for periods prior to those managed by our current broker, an amount of $450,000 was accrued in relation to expected workers compensation call-up premiums for the years 2015/16 and 2016/17. Subsequent to the Reporting Period the Company has agreed a premium funding agreement to pay its insurance premiums, including the prior period workers compensation call-up premiums, in 10 equal monthly instalments over the financial year to June 2020. The Group has at all times maintained full Workers Compensation insurance coverage for all of its employees.

The Board believes the Group is well positioned to leverage its security expertise into wider markets and parallel sectors through organic and acquisition growth. We encourage shareholders to contact the Company should they have queries in relation to the Annual Report or the past and future activities of the Company.

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

The Directors of MCS Services Limited ("***the Company***" or "***Parent***") present their report together with the financial statements of the consolidated entity, being MCS Services Limited and its Controlled Entities (collectively, ***the Group***), for the year ended 30 June 2019.

Directors

The following persons were Directors of the Company throughout the Reporting Period unless otherwise stated and continue to be so:

The Hon RC (Bob) Kucera APM JP: Independent Non-Executive Chairman
Appointed 20 January 2016

The Honourable Bob Kucera, APM, JP achieved the rank of Assistant Commissioner in the WA Police before retiring in 2001 when elected to the WA State Parliament. Mr Kucera retired from Parliament in 2008, having served as a Cabinet Minister in a number of portfolios, including health, small business, Tourism and a number of other social service ministries. Whilst in Government he represented Western Australia nationally and internationally in various roles as a Cabinet Minister, and as Chair of various Governmental Committees and Delegations.

Mr Kucera has experience in every facet of operational and administrative policing and law enforcement at State, Federal and international level, with particular emphasis on security, crime prevention and international terrorism studies. He holds tertiary qualifications in Business Management and Diplomas of Policing and Criminal Investigation. He is a graduate of Charles Sturt University, the Australian Staff College of Police Management, the WA Police Academy, AIM and the Central Metropolitan College of TAFE and is a Winston Churchill Memorial Fellow. He currently chairs a number of Not for Profit voluntary and sporting organisations, with considerable experience in the Not for Profit, community, aged care and Local Government sectors.

During the previous Reporting Period Mr Kucera undertook a refresher course in Governance with the Australian Institute of Company Directors (AICD) to ensure his personal currency as Chair and contemporary knowledge of new legislative and compliance requirements.

Other current directorships:	Deputy Chair of Acacia Living Group, Director of National Trust of Western Australia
Previous Directorships (last 3 years)	Deputy Chair of Basketball Western Australia
Interests in shares of the Company:	462,909
Interests in options of the Company:	3,000,000

Mr Matthew Ward, ACA, GAICD: Independent Non-Executive Director
Appointed 28 November 2016

Mr Ward is a Chartered Accountant who has worked in senior positions for domestic companies including Wesfarmers and internationally including KPMG in London. He has over 30 years of financial and commercial experience including involvement in a range of corporate activities such as acquisitions, divestments, capital raisings, strategic reviews, investment analysis and contract negotiations.

Other current directorships	None
Previous Directorships (last 3 years)	None
Interests in shares of the Company:	1,047,875
Interests in options of the Company:	3,000,000

Mr Geoffrey Martin: Independent Non-Executive Director
Appointed 14 July 2017

For many years Mr Martin was occupied with development of the family retailing business, Archie Martin & Sons, a major WA-based electrical retailer with stores in many shopping centres across Perth.

As a director and joint Managing Director of that business, Geoffrey oversaw the conversion of the business into a public company, its ASX listing and its eventual takeover. Geoffrey has served for six years on the Board of Racing & Wagering WA and is presently a Board member of RSL Care WA.

Other current directorships	None
Previous Directorships (last 3 years)	None
Interests in shares of the Company:	Nil
Interests in options of the Company:	3,000,000

Mr Paul Robert Simmons: Managing Director
Appointed 1 July 2019

Subsequent to the Reporting Period, on 1 July 2019, Mr Paul Simmons was appointed as Managing Director of the Company.

Paul brings a wealth of experience in the security sector and a track record in business growth, management, and developing lasting client relationships. Paul has completed an AICD corporate governance course.

Paul's career commenced as a Police Officer in the UK. Paul was later the Western Australia state security manager for a major national retailer for 12 years, leading to him becoming the founder and driving force of MCS Security Group Pty Ltd since its inception in 2005. MCS Security Group Pty Ltd was acquired by MCS Services Limited in 2015, with Paul continuing in the role as CEO of MCS Security since that time. Paul, who holds some 18% of the shares in MCS Services Ltd, will also continue in the role of CEO of MCS Security Group Pty Ltd.

Other current directorships	MCS Security Group Pty Ltd
Previous Directorships (last 3 years)	None
Interests in shares of the Company:	33,531,812
Interests in options of the Company:	3,000,000

Company Secretary

Mr Jonathan Asquith: Company Secretary
Appointed 31 January 2017

Mr Asquith was the Company Secretary throughout the Reporting Period and since the end of the year. Mr Asquith is a Chartered Accountant with a Masters of Business Administration and over 30 years' corporate experience in Australia and overseas. He has previously held the office of Company Secretary for several ASX listed entities.

Principal Activities

The Group specialises in providing uniformed security at retail shopping centres, government offices, health facilities, commercial properties, sports stadia and major events throughout the Perth metropolitan area and in regional Western Australia. The Group also provides covert (store detective) security, mobile patrols and response vehicle services as well as the supply, installation and commissioning of security alarms, CCTV, biometric and access control systems to commercial, industrial and domestic sectors.

Consistent with the Group's previously stated intentions, the Group's previous mining exploration-related field activities remained operationally dormant during the Reporting Period and the final exploration-related subsidiary was de-registered with ASIC during the Reporting Period. The Group no longer has any involvement in the mining exploration sector.

Review of Operations and Financial Results

The Group has focused on:

- meeting existing client needs;
- leveraging its security experience into organic growth in new geographies and sectors;
- expanding into regional WA, and;
- pursuing strategic and value-enhancing acquisitions.

Operating Results

The underlying (before Significant Items) net profit after tax was $0.3 million (2018: $0.4 million loss)

The statutory net loss attributable to members of the Company for the year ended 30 June 2019 was $0.2 million (2018: $0.7 million loss)

The statutory net loss after tax for the Reporting Period of $0.2 million included:

- a $30,000 gain on discontinued operations as a result of the deregistration of the Group's former mining exploration subsidiaries with ASIC;
- a $0.45 million accrual for Workers Compensation insurance premiums for the years 2015/16 and 2016/17. Subsequent to the Reporting period the Company has arranged to fund the payment of these premiums in ten equal monthly instalments over the course of the year to June 2020. The Company has at all times maintained full Workers Compensation coverage for all of its employees.

Significant Changes in State of Affairs

There were no significant changes in the State of Affairs of the Group during the Reporting Period.

As reported in the previous Reporting Period, the Group subsidiary John Boardman Pty Ltd (JBPL) continues being liquidated. The entity has no material assets and does not trade (**Note 27**).

Dividends

The Board has elected not to pay a dividend for the current year. The Company will be deploying available funds to reduce debt, efficiently manage its capital structure and / or enhance its growth strategy.

During the previous Reporting Period the Company made an unfranked dividend distribution of $187,902 **(Note 21)** as follows:

- $156,932 was paid (incl Withholding Tax of $10,999 paid to the ATO);
- $30,970 of participation in the Company's Dividend Reinvestment Plan.

Events Arising since the End of the Reporting Period

There are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the entity's operations in future years;
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial periods.

Potential Developments, Business Strategies and Prospects

The Group's core retail-security business is underpinned by existing contracts, the development and expansion of shopping centres and event-focussed venues, the security / insurance requirements of their operators, and the liberalisation of retail shopping hour legislation.

The Group utilises its experience, expertise and economies of scale to provide a quality security service to its customers at competitive rates, typically through multi-year contracts. The Group differentiates itself from many other operators through its recruitment and training processes, OHS, operational management expertise and the long-standing reputation of its Senior Management and brand. The Group is looking to further differentiate itself by aiming to obtain various ISO quality management certifications within the next 12 months.

The existing security market in WA, and across Australia, is highly fragmented. Many operators are privately-owned, employ significantly less guards than the Group and have significantly lower revenues. As such, the Group's relative scale, efficiencies, systems and expertise provides opportunities to the Group in both organic growth and acquisitions.

The Company's Strategic Plan recognises growth opportunities including:

- expanding our reach further into regional WA and other States;
- acquisition of security businesses in WA and other States;
- leveraging the Group's security skills and reputation into other verticals such as mining and industrial sectors in WA and other States; and
- a continuing focus on HSEQ systems, including the aim of having ISO accreditation within 12 months, with benefits to the business including Workers Compensation insurance costs.

Management are continually considering ways to more efficiently and effectively operate the business.

Directors Meetings

The number of Directors Meetings held during the Reporting Period, and the number of meetings attended by each of the Directors, is as follows:

Director's name	Board Meetings Entitled to Attend	Board Meetings Attended
Bob Kucera	5	5
Matthew Ward	5	5
Geoffrey Martin	5	5
Paul Simmons (appointed 1 July 2019)	-	-

As discussed in the Remuneration Report and in the Company's Corporate Governance statement (available on the Company's website **www.mcssecurity.com.au),** the Group currently does not have a separate Audit & Risk Committee or Nomination & Remuneration Committee, with the full Board carrying out the duties that would otherwise by assigned to such Committees.

Shares on Issue

As at 30 June 2019 the Company had 187,544,557 (30 June 2018: 189,309,608) ordinary shares on issue. The decrease of 1,765,051 shares during the Reporting Period was a result of a buyback of Unmarketable Share Parcels at 1.64 cents in January 2019 **(Note 20).**

Unissued Shares Under Option

There were no quoted options existing during the Reporting Period. During the previous Reporting Period quoted options over unissued ordinary shares of the Company expired without being exercised. The quoted options were not part of any employee package nor part of the Security Businesses Transactions:

Quoted options on Issue: MSGOA Ex $0.44 exp 15/11/2017	Number 2019	Number 2018
Opening Balance 1 July	-	4,000,047
Expired without being exercised	-	(4,000,047)
Closing Balance 30 June	-	-

During the previous Reporting Period 18 million unquoted options over unissued ordinary shares of the Company were issued to Directors and Senior Management **(Note 20).** None of the unquoted options were exercised or lapsed during the Reporting Period, such that 18 million remain as at the Reporting Date. None of the unquoted options entitle the holder to participate in any share issue of the Company.

Unquoted options on Issue: Ex $0.04 exp 30 November 2022	Number 2019	Number 2018
Opening Balance 1 July	18,000,000	-
Issued		
Bob Kucera, Chairman	-	3,000,000
Matthew Ward, Director	-	3,000,000
Geoffrey Martin, Director	-	3,000,000
Paul Simmons, CEO	-	3,000,000
Mark Englebert, CFO	-	3,000,000
Jonathan Asquith, Co Sec	-	3,000,000
Exercised	-	-
Lapsed	-	-
Closing Balance 30 June	**18,000,000**	**18,000,000**

REMUNERATION REPORT (AUDITED)

The Directors of the Company present the Remuneration Report for non-Executive Directors, Executive Directors and other Key Management Personnel prepared in accordance with the Corporations Act 2001 and the Corporations Regulations 2001.

1. Principles used to determine the nature and amount of remuneration

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- to align awards to business outcomes that deliver value to shareholders;
- to drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- to ensure remuneration is competitive in the relevant employment market place to support attraction, motivation and retention of executive talent.

The Company has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group.

For the purpose of this Report the term *Key Management Personnel* encompasses:

- Mr Paul Simmons as Chief Executive Officer (**CEO**),
- Mr Mark Englebert as Chief Financial Officer (**CFO**), and
- Mr Jonathan Asquith, Company Secretary.

Due to the size of the Company's operations the Directors do not believe that the establishment of a Remuneration Committee was warranted during the Reporting Period. All matters that would normally be the responsibility of a Remuneration Committee are dealt with by the full Board of Directors who are responsible for determining and reviewing compensation arrangements for the Directors and Key Management Personnel. The Board will continue to monitor the appropriateness of forming such a Committee as further circumstances dictate.

The remuneration structure that has been adopted by the Group consists of the following components:

- Fixed remuneration, being annual salary (refer Section 5 below); and
- Short-term incentives.

The Group's short-term incentives (STI) and performance measures involve the use of annual performance objectives, metrics, performance appraisals and continuing emphasis on living the Group values.

The performance measures are able to be set annually after consultation with the Directors and Key Management Personnel and are specifically tailored to the areas where each person has a level of control. The measures target areas the Board believes hold the greatest potential for expansion and profit and cover financial and non-financial measures.

The Board may, at its discretion, award bonuses for exceptional performance in relation to each person's pre-agreed key performance indicators (KPI).

REMUNERATION REPORT (AUDITED) (CONTINUED)

The CEO is party to an Executive Share Plan, as approved by shareholders and as documented in the 2015 prospectus. As relevant profitability milestones had not been achieved within required timeframes, no shares have been made under the Executive Share Plan.

The Board is in the process of reviewing the CEO's remuneration package, including assessing future key performance targets and incentives. The Board has not previously made use of external remuneration consultants.

The full Board of Directors assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of high quality Board and Key Management Personnel.

The payment of any bonuses, share options and other incentive payments are reviewed by the full Board of Directors annually as part of the review of Key Management Personnel. All bonus, options and incentives must be linked to pre-determined performance criteria.

2. Consequences of performance on shareholder wealth

Item	2019	2018	2017	2016	2015	2014
EPS post consolidation (cents)	(0.090)	(0.350)	0.225	(4.4)	(10.38)	(125.05)
Dividends (cents per share)	-	0.100	0.322	-	-	-
Profit / (loss) ($'000)	(171)	(677)	459	(5,908)	(2,460)	(6,042)
Share Price at 30 June (cents)	1.4	1.5	2.4	3.0	5.8 *(1)*	1.0

(1) The shares were consolidated on a 1:44 basis during the 2015 year. Prior years are shown at pre-consolidated share prices

3. Share-based remuneration

Except for the Key Management Personnel incentives at Section 1 / Section 6 no share-based remuneration facilities existed or were implemented during the financial year or up to the Reporting Date.

4. Bonuses included in remuneration

During the Reporting Period $15,000 of bonuses ($nil: 2018) accrued to or were paid to Key Management Personnel as part of remuneration in the Reporting Period, being $10,000 to the CEO and $5,000 to the CFO.

5. Details of Remuneration including Service Agreements

Remuneration and other terms of employment for the Directors and other Key Management Personnel are formalised in Service Agreements, which include:

- **Superannuation:**
  Superannuation does not accrue on Director or Company Secretary fees. The CEO and CFO salaries accrue superannuation at 9.5%;

REMUNERATION REPORT (AUDITED) (CONTINUED)

Details of Remuneration including Service Agreements (continued)

- **Term of Agreement:**
  All Directors are engaged on an ongoing basis, the CFO and Company Secretary are engaged on an open basis, and the CEO is engaged on a two year contract;

- **Notice Period:**
  The CEO has a 12 week notice period, and the CFO has a one month notice period.

The remuneration is set out below:

Remuneration	2019				2018			
	Salaries / Fees $	SBP $	Total $	SBP as % of total	Salaries / Fees $	SBP $	Total $	SBP as % of total
Non-Executive Directors								
Bob Kucera	35,000	-	35,000	-	30,833	38,100	68,933	55%
Matthew Ward	30,000	-	30,000	-	28,332	38,100	66,432	57%
Geoffrey Martin (Appt 14 July 2017)	30,000	-	30,000	-	27,000	38,100	65,100	59%
Josh Puckridge (retired July 2017)	-	-	-	-	940	-	940	-
Sub total	**95,000**	**-**	**95,000**	**-**	**87,105**	**114,300**	**201,405**	**57%**
Other Key Management Personnel								
Paul Simmons, CEO **(1)**	190,000	-	190,000	-	170,769	33,000	203,769	15%
Superannuation	18,050	-	18,050	-	16,223	-	16,223	
Mark Englebert, CFO **(2)**	170,769	-	170,769	-	160,000	33,000	193,000	16%
Superannuation	15,748	-	15,748	-	15,200	-	15,200	
Sub total	**394,567**	**-**	**394,567**	**-**	**362,192**	**66,000**	**428,192**	**15%**
Company Secretary								
Jonathan Asquith	30,000	-	30,000	-	28,000	33,000	61,000	54%
Sub total	**30,000**	**-**	**30,000**	**-**	**28,000**	**33,000**	**61,000**	**54%**
TOTAL	**519,567**	**-**	**519,567**	**-**	**477,297**	**213,300**	**690,597**	**31%**

(1): Paul Simmons' salary in the Reporting Period includes a bonus of $10,000
(2): Mark Englebert's salary in the Reporting Period includes a bonus of $5,000

In addition to fixed remuneration (salaries / fees):

- equity-settled share-based payments (SBP) in the form of 3 million unquoted options were granted to each of the three current Directors, to the CEO, the CFO and Company Secretary during the previous Reporting Period (**Note 20**) for $nil consideration on 19 December 2017. The options vested immediately on the grant date and their value was calculated as at the grant date using the Black Scholes model;

- cash bonuses may be granted at the discretion of the Board. During the Reporting Period the CEO was paid a bonus of $10,000 (2018: $nil) and the CFO $5,000 (2018 $nil);

- the Directors and Key Management Personnel may be also reimbursed for business-related expenses.

REMUNERATION REPORT (AUDITED) (CONTINUED)

6. Other Information

Shares held by Key Management Personnel

The number of ordinary shares held in the Company during the 2019 Reporting Period by each of the Key Management Personnel of the Group, including their related parties, are set out below:

	Start of Reporting period	Movement	End of Reporting Period
Directors	**Number**	**Number**	**Number**
Bob Kucera, Chairman	462,909	-	462,909
Matthew Ward	1,047,875	-	1,047,875
Geoffrey Martin	-	-	-
Other Key Management Personnel			
Paul Simmons, CEO	33,531,812	-	33,531,812
Mark Englebert, CFO	-	-	-
Company Secretary			
Jonathan Asquith **(Note below)**	418,181	-	418,181
TOTAL	**35,460,777**	**-**	**35,460,777**

Note: Mr Asquith's shareholding had previously been incorrectly reported as 400,000 in the Financial Report to 30 June 2018. Mr Asquith obtained 18,181 shares under the Dividend Reinvestment Plan during the previous Reporting Period.

Director shareholdings are measured up until the date of their retirement / resignation. No shares were issued to the Directors or Key Management Personnel during the Reporting Period as part of their remuneration or through the exercise of options.

Options held by Directors and Key Management Personnel

The number of options held over ordinary shares in the Company during the 2019 Reporting Period by each of the Key Management Personnel of the Group, including their related parties, are set out below:

	Start of Reporting period	Granted as Remuneration	End of Reporting Period
Directors	**Number**	**Number**	**Number**
Bob Kucera, Chairman	3,000,000	-	3,000,000
Matthew Ward	3,000,000	-	3,000,000
Geoffrey Martin	3,000,000	-	3,000,000
	9,000,000	**-**	**9,000,000**
Other Key Management Personnel			
Paul Simmons, CEO	3,000,000	-	3,000,000
Mark Englebert, CFO	3,000,000	-	3,000,000
Jonathan Asquith, Co. Secretary	3,000,000	-	3,000,000
	9,000,000	**-**	**9,000,000**
TOTAL	**18,000,000**	**-**	**18,000,000**

REMUNERATION REPORT (AUDITED) (CONTINUED)

Options held by Directors and Key Management Personnel (continued)

The issue of the above 9 million options to Directors occurred in the previous Reporting Period and was approved by shareholders at the Annual General Meeting on 30 November 2017. All of the above options were issued as cost effective incentives to attract and retain Directors and Senior Management of their particular skills and experience and form part of a reasonable and appropriate remuneration package.

Remuneration: Unlisted Options granted on 19 Dec 2017, $nil consideration							
	Balance at Start of Period		Exercised in Period		Lapsed in Period		Balance at End of Period
	Number	Value at Grant Date $	Number	Value $	Number	Value $	Number
Bob Kucera (Chairman)	3,000,000	38,100	-	-	-	-	3,000,000
Matthew Ward (Director)	3,000,000	38,100	-	-	-	-	3,000,000
Geoffrey Martin (Director)	3,000,000	38,100	-	-	-	-	3,000,000
	9,000,000	**114,300**	**-**	**-**	**-**	**-**	**9,000,000**
Paul Simmons (CEO)	3,000,000	33,000	-	-	-	-	3,000,000
Mark Englebert (CFO)	3,000,000	33,000	-	-	-	-	3,000,000
Jonathan Asquith (Co Sec)	3,000,000	33,000	-	-	-	-	3,000,000
	9,000,000	**99,000**	**-**	**-**	**-**	**-**	**9,000,000**
	18,000,000	**213,300**	-	-	-	-	**18,000,000**

The options vested immediately, and their value was calculated as at the grant date using the Black Scholes model.

All of the above options are unlisted and have the following terms:

Exercise Price	4 cents, being a premium to the Company's share price at the time of issue
Expiry Date	On or before 30 November 2022
Issue price	$nil

Except for the above, no other options:

- to acquire shares in the Company were held by any of the Directors or Key Management personnel of the Group, or their related parties, during the 2019 or 2018 Reporting Periods;
- were issued to the Directors or Key Management Personnel as part of their remuneration in the year ended 30 June 2019 or year ended 30 June 2018.

None of the above options were exercised, lapsed or forfeited during the Reporting Period or until the date of this Report. Director option holdings are measured up until the date of their retirement / resignation.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Engagement of Remuneration Consultants

The Company did not engage the services of a Remuneration Consultant during the Reporting Period.

Other Transactions with Key Management Personnel

Refer to **Note 24** regarding:

- the Capital Restructure agreed with the vendors of MCS Security, including Paul Simmons (the CEO, Managing Director and a significant shareholder); and the resulting Related Party loan (also see **Note 19**) owed by the Company to the vendors of MCS Security;

- the continuing rental by the Group of its operational and corporate head office premises in Joondalup, Perth, WA from a related entity of its CEO and significant shareholder, Paul Simmons, and;

- the use of a corporate travel agency owned by a relation of Mr Geoff Martin, a director of the Company, to arrange domestic flight bookings for the Group totalling some $44,814. The Board consider the service is provided at commercial rates.

END OF REMUNERATION REPORT

Diversity Report

a) Policy

The Company recognises that a talented and diverse workforce is a key competitive advantage and that an important contributor to the Company's success is the quality, diversity and skills of its people. The following is the Diversity Report for the financial year end 30 June 2019 for the Company prepared for the purposes of the Company's Annual Report. The diversity policy is outlined in Schedule 10 of the Company's Corporate Governance Plan as available on the Company's website, *www.mcssecurity.com.au*

b) Current Position

The Group has an aggregate of three Directors, two Key Management Personnel and approximately 500 operational (incl Administration) staff. Of the above:

- 41 (33: 2018) are female, including 13 (14, 2018) in supervisory or middle-management positions;
- 35 (30: 2018) are of mature age, being at least 60 years old; and
- a significant proportion of employees are of diverse ethnic or cultural backgrounds.

c) Compliance

Having regard to the size of the Group and the nature of its enterprise, it is considered that the Group complies as far as possible with the spirit and intentions of the ASX Corporate Governance Council's Corporate Principles and Recommendations in respect of diversity.

Environmental Legislation

The security business operated by the Group is not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia. Whilst there are significant environmental regulations surrounding mining exploration activity, no such activity has taken place during the Reporting Period and there have been no breach of regulations in relation to any previous activity notified during the Reporting Period or to the date of this report.

Remuneration Report Voting and Comments made at the last Annual General Meetings

The Company received:
- 97% 'yes' votes on its Remuneration Report for the financial year ended 30 June 2018, and
- 99% 'yes' votes for the financial year ended 30 June 2017.

The Company received no specific feedback on its Remuneration Report at any of the above Annual Meetings.

Indemnity of Directors

The Company has entered into a Deed of Indemnity with each Director whereby, to the extent permitted by the Corporations Act 2001, the Company agreed to indemnify each Director against all loss and liability incurred as an officer of the Company, including all liability in defending any relevant proceedings.

Indemnities given to, and insurance premiums paid for, auditors and officers

Indemnity of Directors

The Group is required to indemnify the Directors and Officers of the Company and related entities against any liabilities incurred by the Directors & Officers that may arise from their position as a Director or Officer. During the year, the Company paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors of the Company and subsidiaries.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payment arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or to cause detriment to the Group. Details of the amounts of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

Indemnities given to, and insurance premiums paid for, auditors and officers (continued)

Indemnity of Directors (continued)
The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Group against a liability incurred as an officer.

Indemnity of Auditors
No indemnity has been provided to the auditors.

Non Audit Services
During the Reporting Period, Stantons International, the Company's auditors, did not perform any service in addition to their statutory audit duties. During the previous Reporting Period Stantons International performed only one service in addition to their statutory audit duties – being a Black Scholes calculation of the 18 million options issued to the Directors and Senior Management. No additional fee was levied for this work. The Board has considered the non-audit services provided during the above periods and is satisfied that the provision is compatible with, and did not compromise, the auditor independence requirement of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board to ensure they do not impact upon the impartiality and objectivity of the auditor, and

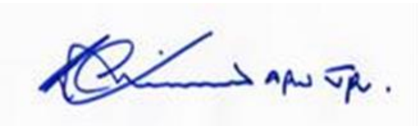
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company, Stantons International, and its related practices for audit and non-audit services provided during the year are set out in **Note 23** to the financial statements. A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included on page 18 of this financial report and forms part of this Directors' Report.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Rounding of amounts
The Company is a type of company referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016 / 191 and therefore the amounts contained in the report and in the financial report have been rounded to the nearest $1,000, or in certain cases to the nearest dollar.

Signed in accordance with a resolution of the directors.



The Hon RC (Bob) Kucera APM JP,
Non-Executive Chairman
Dated 27 September 2019

Stantons International Audit and Consulting Pty Ltd
trading as
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Chartered Accountants and Consultants

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27 September 2019

The Directors
MCS Services Limited
3/180 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 audit of the financial statements of MCS Services Limited for the year ended 30 June 2019, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely,

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD

Martin Michalik

Martin Michalik
Director

Introduction

The Board of the Company is committed to achieving and demonstrating the highest standards of corporate governance consistent with the size and nature of the Company.

The Group's Corporate Governance Statement for the financial year ended 30 June 2019 is dated as at 30 June 2019 and was approved by the Board on 27 September 2019.

The Corporate Governance statement is available on MSG's website at www.mcssecurity.com.au.

Company Website

The Company's Corporate Governance Plan is available in the Investor section of the Company's website **www.mcssecurity.com.au**

Governance and Policy Reviews

The Corporate Governance policies and practices of the Company are reviewed annually in accordance with the standards and standards required of the Company by the Directors, the ASX, ASIC and other relevant stakeholders, to ensure that the highest appropriate governance standards are maintained, commensurate with the size and operations of the Company.

Performance Evaluations

The Board is in the process of undertaking performance reviews for the senior executives.

Risk Management

The Board has reviewed the risk management framework during the Reporting Period.

Board Structure

Having regard to the size and nature of the Company, the current Board structure of four Directors is considered sufficient at this stage.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	30 June 2019 $'000	30 June 2018 $'000
Revenue	6	23,563	19,120
Cost of Goods Sold, incl. operational staff expenses	18	(19,191)	(15,233)
Gross Profit		**4,372**	**3,887**
Other Income			
Interest	6	8	10
Other	6	21	-
		29	**10**
Overheads			
Overheads, Administration and Other Expenses	7	(2,104)	(1,747)
Employee expenses and benefits (non-operational staff)	18	(1,889)	(2,166)
		(3,993)	**(3,913)**
		408	**(16)**
Depreciation of property, plant and equipment	13	(130)	(156)
Amortisation of Contracts Acquired	15	(22)	(217)
		(152)	**(373)**
		256	**(389)**
Significant Items			
Prior Period Insurance Accrual	16	(450)	-
Impairment: Other		-	(28)
Share-based payment expense	24g	-	(213)
(Loss) / gain on MCS Security capital restructure	24	-	(45)
		(450)	**(286)**
Loss before tax		**(194)**	**(675)**
Income tax (expense) / benefit	9	(5)	(2)
Profit / (Loss) for the year attributable to members		**(199)**	**(677)**
Discontinued operations	27	(2)	-
		(201)	**(677)**
Other Comprehensive income		-	-
Gain on deconsolidation of discontinued operations	27	30	-
Total comprehensive profit / (loss) for the year		**(171)**	**(677)**
Earnings per share		**Cents**	**Cents**
Basic profit / (loss) per share from continuing operations	21	(0.106)	(0.350)
Basic profit / (loss) per share from discontinued operations	21	0.015	-
		(0.090)	**(0.350)**
Diluted profit / (loss) per share from continuing operations	21	(0.106)	(0.350)
Diluted profit / (loss) per share from discontinued operations	21	0.015	-
		(0.090)	**(0.350)**
		Number	**Number**
Weighted average of common shares outstanding: Basic: Post-consolidation	21	188,535,887	193,732,543

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

MCS Services Ltd

	Note	30 June 2019	30 June 2018
		$'000	$'000
Assets			
Current			
Cash and cash equivalents	**10**	2,098	835
Trade and other receivables	**11**	3,097	2,873
Inventory	**12**	41	29
Other	**9**	40	50
Total Current Assets		**5,276**	**3,787**
Non-Current			
Restricted cash and bonds	**10**	2	2
Plant and equipment	**13**	151	236
Intangible Assets: Contracts Acquired	**15**	-	22
Total Non-Current Assets		**153**	**260**
Total Assets		**5,429**	**4,047**
Liabilities			
Current			
Trade and other payables	**16**	(3,270)	(1,811)
Provisions	**17**	(1,128)	(813)
Related Party Loan	**19**	-	(284)
Total Current Liabilities		**(4,398)**	**(2,908)**
Non-Current			
Provisions	**17**	(117)	(172)
Related Party Loan	**19**	(177)	-
Total Non-Current Liabilities		**(294)**	**(172)**
Total Liabilities		**(4,692)**	**(3,080)**
Net Assets		**737**	**967**
Equity			
Share Capital	**20**	17,995	18,024
Foreign Currency Translation Reserve	**20**	-	30
Share Option Reserve	**20**	214	214
Retained Earnings		(17,472)	(17,301)
Total Equity		**737**	**967**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Share Capital	Foreign Currency Translation Reserve	Share Option Reserve	Retained Earnings	Total
		$'000	$'000	$'000	$'000	$'000
Balance 30 June 2017		**18,051**	**30**	**202**	**(16,638)**	**1,645**
Loss for the year		-	-	-	(677)	(677)
Other Comprehensive Income		-	-	-	-	-
Total Comprehensive Income		**-**	**-**	**-**	**(677)**	**(677)**
Expiration of Quoted Options		-	-	(202)	202	**-**
Issue of Unquoted Options				214	-	**214**
Dividend	**21**	-	-	-	(188)	**(188)**
Share Issue: DRP	**20**	31	-	-	-	**31**
Share Buy Back	**20**	(58)	-	-	-	**(58)**
		(27)	**-**	**12**	**14**	**(1)**
Balance 30 June 2018		**18,024**	**30**	**214**	**(17,301)**	**967**
Loss for the year		-	-	-	(201)	**(201)**
Other Comprehensive Income		-	(30)	-	30	**-**
Total Comprehensive Income		**-**	**(30)**	**-**	**(171)**	**(201)**
Unmarketable Parcel Share Buy Back	**20**	(29)	-	-	-	**(29)**
		(29)	**-**	**-**	**-**	**(29)**
Balance 30 June 2019		**17,995**	**-**	**214**	**(17,472)**	**737**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	30 June 2019	30 June 2018
		$'000	$'000
Cash flows from Operating activities			
Receipts: from customers		25,681	20,735
Receipts: insurance reimbursements		-	261
Payments to employees, suppliers and directors		(22,272)	(19,226)
Payments for BAS		(1,880)	(1,575)
Income tax paid		(70)	(19)
Net Cash provided by operating activities	**22**	**1,459**	**176**
Cash flows from Investing activities			
Interest received		8	10
Payment for Plant & Equipment		(53)	(139)
Payment for acquisition of customer contracts		-	(156)
Release of cash held by former mining subsidiaries		(2)	-
Payment for acquisition of subsidiaries		-	(45)
Net Cash used in investing activities		**(47)**	**(330)**
Cash flows from financing activities			
Related Party loan (MCS Security vendors) reduction	**19**	(120)	-
Buy-back of share capital	**20**	(29)	(58)
Dividends Paid	**21**	-	(146)
Net Cash used in financing activities		**(149)**	**(204)**
Net increase (decrease) in cash and cash equivalents		**1,263**	**(358)**
Cash and cash equivalents at beginning of the year		835	1,193
Cash and cash equivalents at end of the year	**10**	**2,098**	**835**

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

1. Nature of operations

The principal activity of MCS Services Limited and its subsidiaries' (**Group** or **Consolidated Entity**) during the Reporting Period was providing guard security and related activities for major commercial, retail and event venues in Western Australia together with covert security, alarm installation and CCTV monitoring.

The Company's previous activity, prior to acquiring the Security Businesses effective November 2015, was in Mineral Exploration primarily in the central Peruvian Polymetallic Belt. There was no activity in this sector during the Reporting Period and all activities have ceased.

2. General Information and statement of compliance

These consolidated general purpose financial statements of the Group for the year ended 30 June 2019 are presented in Australian dollars (**$ or A$**) which is the functional currency of the parent company, have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards Board **(AASB**), and on an accruals basis and under the historic cost convention.

Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (***IASB***). MCS Services Limited is a for-profit entity for the purpose of preparing financial statements.

The financial report covers MCS Services Limited (**Company**) and its (100% unless otherwise stated) subsidiaries (collectively, **the Group)**:

- MCS Security Group Pty Ltd;
- John Boardman Pty Ltd (**JBPL or Intiga,** which has been in liquidation since 26 September 2017, **Note 27**).

MCS Services Limited is the Group's ultimate parent company. It is a public company, incorporated and domiciled in Australia. The registered office and principal place of business is 3/108 Winton Road, Joondalup, WA, 6027. The Company was incorporated on 11 May 2006.

The following entities are no longer part of the Group (**Note 27**);

- Red Gum Resources (Peru) Pty Ltd (deregistered 16 March 2018);
- Red Gum Resources (Chile) Pty Ltd (deregistered 16 December 2018); and
- Red Gum Resources (Chile) SpA, a subsidiary of Red Gum Resources (Chile) Pty Ltd.

The consolidated financial statements for year ended 30 June 2019 (including the comparatives) were approved and authorised for issue by the Board of Directors on 27 September 2019.

3. Changes in Accounting Policies

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

New Accounting Standards for Application in the Reporting Period

AASB 9: *Financial Instruments* and associated Amending Standards

The Group has adopted AASB 9 *Financial Instruments*, which became applicable for annual reporting period commencing on or after 1 January 2018.

AASB 9 Financial Instruments replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting. AASB 9 makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an '*expected credit loss*' model for impairment of financial assets.

As a result of adopting AASB 9 Financial Instruments, the Group has amended its financial instruments accounting policies to align with AASB 9.

There were no financial instruments which the Group designated at fair value through profit or loss under AASB 139 that were subject to reclassification. The Board assessed the Group's financial assets and determined the application of AASB 9 does not result in a change to the classification of the Group's financial instruments.

AASB 15: *Revenue from Contracts with Customers*

The Group has adopted AASB 15 *Revenue from Contracts with Customers*, which became applicable for annual reporting period commencing on or after 1 January 2018. The Group has applied the new Standard effective from 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and the comparatives are not restated.

AASB 15 replaces AASB 118 *Revenue, AASB 11 Construction Contracts* and several revenue-related Interpretations. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 applies to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The Group has considered the impact of AASB 15 on the Group's financial statements. For some clients the Group invoices 1/12th of an annual fee for prescribed core work-levels - where the annual fee is calculated on core performance obligations due by the Group to the customer over that annual period, and where the annual period commonly runs to, or around, June of each year.

The Group considers that the cumulative core work performance obligations undertaken for such clients in the period to 30 June 2019 materially align with the cumulative invoicing for those services, such that the Group complies with AASB 15.

The application of AASB 15 does not therefore result in any significant changes to revenue recognised in the Reporting Period or the prior year.

AASB 2016-5 *Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions* (applicable to annual reporting periods commencing on or after 1 January 2018)

The AASB issued amendments to AASB 2 *Share-based Payment* that address three main areas:

- the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction;
- the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and
- accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. Early application of this amendment is permitted.

The Group does not consider the impact on the Group's financial statements as material.

New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 16: *Leases*

This standard applies to annual reporting periods commencing on or after 1 January 2019. As such, it has not been applied during the Reporting Period.

Once applied, it will supersede the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 will introduce a single lessee accounting model that eliminates the requirement for leases to be classified as either operating leases or finance leases. Lessor accounting will remain similar to current practice.

The key features of AASB 16 will be as follows:

- Lessees are required to recognise assets and liabilities for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets);
- A lessee measures the right-of-use assets similar to other non-financial assets and lease liabilities similarly to other financial liabilities;
- Assets and liabilities arising from the lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease;
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity at the date of initial application. The initial application will be in the next Reporting Period.

The Group has reviewed all the Group's arrangements to identify leases. The Group currently leases it's office premises, the terms of which are at **Note 24 (d)**. The Group currently has no other leases and does not act as a lessor.

The Group has considered the impact of AASB 16 on the Group's financial statements if AASB 16 had been implemented in the current Reporting Period, and on the assumption that the available option to extend the premises lease would be exercised, as:

Statement of Profit or Loss:

- the existing rental charge for the Group's office premises of $50,371, classed as an Overhead in the Reporting Period, would be replaced with a depreciation charge of a Right of Use Asset of $42,249 and an interest charge of $12,676. This would have affected EBITDA calculations for users of the financial report; and

- given rise to a reduction in reported net profitability of $4,554;

Statement of Financial Position:

- a Right of Use asset would have arisen with a Net Book Value of $0.27m as at 30 June 2019;

- a Lease Liability would have arisen with a Net Book Value of $0.3m as at 30 June 2019; and

- an adjustment to Retained Earnings brought forward of some $25,000

Statement of Cash Flows:

- Net cash provided by operating activities, which in the Reporting Period includes the office lease rental payments, would have increased by $37,695 as repayment of the principal portion of the office lease liability would be classified as cashflow from financing activities;

- There would have been no overall change to the net movement in cash.

4. Summary of Accounting Policies

Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

Going Concern

The Group has recorded a comprehensive loss attributable to shareholders of $0.171 million (2018: $0.677 million loss). The Group has net assets of $0.737 million (2018: $0.967 million) including Cash and Cash Equivalents of $2.1 million (2018: $0.835 million).

The Directors believe that the Going Concern basis of accounting is appropriate.

No adjustments have been made relating to the recoverability, amount and classification of recorded assets and liabilities that might be necessary should the consolidated Group not continue as a Going Concern.

4. Summary of Accounting Policies (continued)

Basis of Consolidation

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2019. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with accounting policies adopted by the Group.

Profit or Loss of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Business Combination

The Group applies the acquisition method of accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of assets transferred, liabilities incurred or assumed, and the equity interest issued by the Group. The consideration includes the fair value of any asset or liability arising from a contingent consideration arrangement. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Acquisition-related costs are recognised in Profit or Loss as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Investments in associates and joint arrangements

The Group does not have interests in Associates (being entities over which a company is able to exert significant influence but which are not subsidiaries) or Joint Ventures (being arrangements where a company controls jointly with one or more other investors, and over which the company has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities).

Segment Reporting

The Group has one segment, Retail and Event Security. The Group provides uniformed unarmed guards to shopping centres, sporting events, entertainment events, hospitals, government building and community facilities together with covert security, alarm installation and CCTV monitoring in Western Australia.

The Group previously also operated in the Mineral Exploration segment, where it was active in Latin America prior to the Company acquiring the security businesses in 2015. No operational activities were undertaken since 2015, including in the Reporting Period. As at 30 June 2019 all subsidiaries previously operating in this segment have been deregistered with ASIC (**Note 27**).

4. Summary of Accounting Policies (continued)

Segment Reporting (continued)

The measurement policies that the Group uses for segment reporting under AASB 8 are the same as those used in its financial statements.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

Revenue

Revenues are measured in accordance with AASB 15 *Revenue from Contracts with Customers*, recognising an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring services or goods to a customer. It excludes sales taxes, rebates and discounts.

Interest income and expenses are reported on an accrual basis.

Operating Expenses

Operating expenses are recognised in Profit or Loss upon utilisation of the service or at the date of their origin.

Borrowing Costs

The Group does not have any bank debt.

The Group's only borrowings are a Related Party loan (**Note 19**). The Related Party loan incurs interest at 6% pa.

Income Taxes

Tax expense or benefit recognised in Profit or Loss comprises the sum of deferred tax and current tax not recognised in Other Comprehensive Income or directly in equity.

Current income tax assets / or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (***ATO***) and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the Reporting Date.

Current income tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the Reporting Period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities at reporting date and their tax bases.

Deferred tax is not provided on the initial recognition of Goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

4. Summary of Accounting Policies (continued)

Income Taxes (continued)

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax assets and liabilities. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

The Company and its wholly-owned Australian controlled entities implemented the tax consolidation legislation during the 2017 financial year. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax expenses. In addition to its own current and deferred tax assets or liabilities, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Cash and Cash Equivalents

Cash and cash equivalents compromise cash on hand and demand deposits, together with other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less and applicable selling expenses.

Trade Receivables

Trade Receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30-45 days of being invoiced and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate. An allowance for doubtful debts is made when there is objective evidence that the Group might not be able to collect a debt. Bad debts are written off when identified.

Plant and Equipment

The Group does not own any freehold land or buildings. Motor vehicles, IT and other equipment (including office fittings and furniture) are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

4. Summary of Accounting Policies (continued)

Plant and Equipment (continued)

Motor vehicles, IT and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment tests.

Depreciation is recognised on a straight-line basis to write down the costs less estimated residual value. The following useful lives are applied:

- IT / software: 3 years
- Office equipment: 4 years
- Motor vehicles: 4 years

Material residual value estimates and estimates of useful lives are updated as required, but at least annually.

Gains or losses arising on the disposal or Property, Plant & Equipment are determined as the difference between disposal proceeds and the carrying amount of assets and are recognised in Profit & Loss within Other Income or Other Expenses.

Mineral Exploration, Evaluation and Development expenditure

The Group previously operated in the Mineral Exploration segment, where it was active in Latin America prior to the Company acquiring the security businesses in 2015. No operational activities have been undertaken since 2015. As at the Reporting Date, and the previous Reporting Date, the Group did not incur or record any value for exploration and evaluation expenditure in its Statement of Financial Position or Statement of Profit or Loss.

As at 30 June 2019, all Group subsidiaries previously operating in this segment have been deregistered with ASIC (**Note 27).**

Goodwill

As at the Reporting Date the Group does not record any value to Goodwill in its Statement of Financial Position.

Goodwill represents future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is calculated after separate recognition of identifiable intangible assets – including Customer Contracts Acquired.

Impairment testing of Goodwill, other intangible assets and property, plant & equipment

For impairment assessment purposes, assets would be grouped at the lowest levels for which there are largely independent cash inflows (cash generating units).

As a result, some assets would be tested individually for impairment and some would be tested at cash-generating unit level. Goodwill would be allocated to those cash-generating units that were expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill;

Cash-generating units to which Goodwill may be allocated (determined by the Group's management as equivalent to its operating segments) would be tested for impairment at least annually. All other individual assets or cash-generating units would be tested for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

4. Summary of Accounting Policies (continued)

Impairment testing of Goodwill, other intangible assets and property, plant & equipment (continued)

An impairment loss would be recognised for the amount by which the asset's or cash-generating unit's carrying amounts exceed its recoverable amount, which is the higher of fair value less costs to sell and value-in-use.

To determine the value-in-use, management would estimate expected future cashflows from each cash-generating unit and determine a suitable interest rate in order to calculate the present value of those cashflows. The data used for impairment testing procedures would be directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisation and asset enhancements. Discount factors would be determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

Impairment losses for cash-generating units would reduce first the carrying amount of any Goodwill allocated to that cash-generating unit. Any remaining impairment loss would be charged pro-rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets would be subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge would be reversed if the cash-generating unit's recoverable amount exceeds it carrying amount.

Employee Benefits

Short term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service.

Examples of such benefits include wages and salaries, non-monetary benefits and accumulating Annual Leave and Long Service Leave. Short-term benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

The Group presents its Long Service Leave employee benefits obligations in the Statement of Financial Position as:

- Current Liabilities where the employee has an unconditional right to Long Service Leave (have reached the relevant service-period threshold) such that the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date, irrespective of when the actual settlement is expected take place;

- Non Current Liabilities where the employee has not yet earned an unconditional right to Long Service leave.

The Long Service Leave provision relates to 38 employees entitled to Long Service Leave as at 30 June 2019 (2018: 15 employees) plus a further pro-rata provision (based on management experience as to employee departures and periods of service) for other long-serving employees yet to achieve the required length of service.

As the amounts owing are not considered material, they are measured at the undiscounted amounts expected to be paid when the liabilities are settled. Accordingly, full allowance has not been made for the present value of the expected future payment to be made to employees which might have allowed for:

- The expected future payments incorporating anticipated future wage and salary levels,

- Experience of employee departures and periods of service, and / or

- Discounting at rates determined by reference to market yields at the end of the reporting date.

4. Summary of Accounting Policies (continued)

Share Based Employee Remuneration

Except for the Share Based Payments issued in the prior Reporting Period (**Note 24g)**, the Group does not currently have an equity-settled share-based remuneration plan for its employees.

The value of Share Based Payments (such as Options) issued to Directors and Key Management Personnel is calculated as at the grant date using the Black Scholes model. The value is expensed to Profit or Loss on the date of the vesting period of the options (**Note 20**).

Leased Assets - Finance Leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risk and rewards of ownership of the leased asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability.

See above for the depreciation rates and useful lives for any assets held under finance lease.

The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or less, as finance costs over the period of the lease.

Leased Assets - Operating Leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

As *AASB 16: Leases* is not mandatorily applicable to the Group until annual reporting periods commencing on or after 1 January 2019, it has not been applied during the Reporting Period.

Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits. Other components of equity include the:

- Share Option Reserve which records items recognised on the valuation of share options over the vesting period;

- Foreign currency translation reserve which compromises foreign currency translation differences arising on the translation of financial statement of the Group's foreign entities into A$; and

- Retained earnings which includes all current and prior period profits / losses.

Provisions, contingent liabilities and contingent assets

Provisions for legal disputes, onerous contracts or other claims would be recognised when:

- the Group has a present legal or constructive obligation as a result of a past event,

- it is probable that an outflow of economic resources will be required from the Group, and

- amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

4. Summary of Accounting Policies (continued)

Provisions, contingent liabilities and contingent assets (continued)

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risk and uncertainties associated with the present obligation. Provisions are discounted to their present values where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation would be recognised as a separate asset. However, this asset many not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of a present obligation is not probable. Such situations would be disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability would be recognised or disclosed.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of any item of the expense.

Receivables and Payables in the Statement of Financial Position are shown inclusive of GST.

Cashflows are presented in the statement of cashflows on a gross basis, except for the GST components of investing and financing activities which are disclosed as operating cash flows.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars (A$), which is also the functional currency of the Parent Company and its key subsidiaries.

Foreign currency transactions and balances

The Group occasionally purchases supplies in a foreign currency, typically paying at the time of ordering.

Foreign currency transactions are translated into the functional currency of the respective Group entity using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign currency gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in Profit or Loss. Non-monetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rate at the date of transaction), except for non-monetary items measured at fair value which are transacted using the exchange rates at the date when fair value was determined.

Foreign Operations

The Group did not have any foreign operations during the Reporting Period.In the Group's financial statements all assets, liabilities and transactions of Group entities with a functional currency other than A$ are translated into A$ upon consolidation. The functional currency of the entities in the Group have remained unchanged during the Reporting Period. On consolidation, assets and liabilities have been translated into A$ at the closing rate at the reporting date. Income and expenses have been translated into A$ at the average rate over the Reporting Period. Exchange differences are charged / credited to Other Comprehensive Income and recognised in the currency translation reserve in equity.

4. Summary of Accounting Policies (continued)

Financial Instruments

Financial Assets at Amortised Cost
The Group's cash and cash equivalents, trade and most other receivables fall into the category of financial instruments.

After initial recognition, financial assets are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Financial Assets at Fair Value Through Other Comprehensive Income (Equity Instruments)
The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding; and

- The financial asset is held within a business model with the objective of both holding to collect contractual cashflows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or renewals are recognised in the statement of profit or loss and computed in the same manner as for financial asset measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments - Presentation* and are not held for trading.

During the Reporting Period the Group did not hold any financial assets of this nature.

Financial Assets at fair Value Through Profit or Loss (FVPL)
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

During the Reporting Period the Group did not hold any financial assets of this nature.

Derecognisation
Financial assets are derecognised when the contractual rights to the cashflows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Impairment
From 1 July 2018 the Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For Trade Receivables, the Group applies the simplified approach permitted by AASB, which requires expected timeline losses to be recognised from initial recognition of the Receivables.

Comparative Information:
The Group has applied AASB 9 *Financial Instruments* retrospectively but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

4. Summary of Accounting Policies (continued)

Financial Instruments (continued)

Classification

Until 30 June 2018 the Group classified its financial assets in the following categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held to maturity investments; and
- Available for sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets held to maturity, re-evaluated this designation at the end of each reporting period.

Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially recognised at fair value and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

Rounding of Amounts

The Parent Entity has applied the relief available to it under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 and, accordingly, amounts in the financial statements and Directors' Report have been rounded off to the nearest $1,000 or, in certain cases, the nearest dollar.

Significant management judgement in applying accounting policies

When preparing the 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 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 2018 except where stated.

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

4. Summary of Accounting Policies (continued)

Significant management judgement in applying accounting policies (continued)

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future tax income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cashflows and uses an interest rate to discount them. Estimation uncertainty relates to the assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to practical and technical obsolescence.

Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination.

Fair value of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments and non-financial assets. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available.

5. Segmental Information

Management currently identifies the Group as having one operating segment, security services. The Group previously also operated in the mineral exploration segment. During the Reporting Period the mineral exploration segment was dormant and no mining exploration activity took place. The Group had dormant subsidiaries which previously operated in mining exploration in Latin America. Those subsidiaries had no material assets or liabilities and have been deregistered as follows:

- during the Reporting Period, Red Gum Resources (Chile) Pty Ltd, was deregistered with ASIC on 16 December 2018;

- during the previous Reporting Period, Red Gum Resources (Peru) Pty Ltd was deregistered with ASIC on 16 March 2018.

The Group's operating segments are monitored by the Group's chief operating decision-maker and strategic decisions are made on the basis of adjusted segment operating results. The Group's reportable segments under AASB 8 are therefore Security Services. The following is an analysis of the Group's revenue and results from continuing operations by reportable segment (the results of the parent entity, MCS Services Limited, which functions solely in fulfilling corporate responsibilities for the Group, are also shown):

5. Segmental Information (continued)

30 June 2019	Corporate	Security Services	Mineral Exploration	Total
	$'000	$'000	$'000	$'000
Revenue	-	23,563	-	23,563
Gross Profit	**-**	**4,372**	**-**	**4,372**
Other Income	-	29	-	29
Overheads				
Other Costs	(320)	(3,639)	-	(3,959)
EBITDA	**(320)**	**762**	**-**	**442**
Significant Items	-	(450)	-	(450)
Depreciation and amortisation	-	(152)	-	(152)
Finance Costs	(14)	(20)	-	(34)
Profit / (Loss) before income tax	**(334)**	**140**	**-**	**(194)**
Income tax expense	-	(5)	-	(5)
Profit / (Loss) attributable to Members	**(334)**	**135**	**-**	**(199)**
Gain on discontinued operations	-	-	28	28
Total Profit / (Loss)	**(334)**	**135**	**28**	**(171)**
Segment assets	123	5,306	-	5,429
Segment liabilities	(269)	(4,423)	-	(4,692)
Segment Net Assets	**(146)**	**883**	**-**	**737**

30 June 2018	Corporate	Security Services	Mineral Exploration	Total
	$'000	$'000	$'000	$'000
Revenue	-	19,120	-	19,120
Gross Profit	**-**	**3,887**	**-**	**3,887**
Other Income – Income Received	-	10	-	10
Overheads				
Other Costs	(407)	(3,478)	-	(3,885)
EBITDA	**(407)**	**419**	**-**	**12**
Significant Items	(258)	(28)	-	(286)
Depreciation and Amortisation	-	(373)	-	(373)
Finance costs	(19)	(8)	(1)	(28)
	(277)	**(409)**	**(1)**	**(687)**
Profit / (Loss) before income tax	**(684)**	**10**	**(1)**	**(675)**
Income tax expense	(2)	-	-	(2)
Profit / (Loss) after income tax	**(686)**	**10**	**(1)**	**(677)**
Segment assets	163	3,884	-	4,047
Segment liabilities	(376)	(2,704)	-	(3,080)
Segment Net Assets	**(213)**	**1,180**	**-**	**967**

5. Segmental Information (continued)

All of the Security Services segment's income and results were incurred in Australia, being where all its customers, assets and liabilities are situated. All of the Parent Entity income and results were incurred in Australia. During the Reporting Period $3.3m or 14% (2018: $2.8m or 15%) of the Group's total revenues depended on a single customer (across a number of contracts / locations) in the Security segment.

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments. Revenues have been identified based on the customer's business segment. Non-current assets are allocated based on their physical location. Segment assets include all assets used by a segment and consist principally of cash, receivables, intangible assets and plant & equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of any assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes. Other operating income and expense mainly consists of Sundry Income and bank interest earned by the Parent entity.

Intersegment Transfers

For the periods ended 30 June 2019 and 30 June 2018 there were no material intersegment transfers.

6. Revenue

An analysis of the Group's revenue for each major product and service category is as follows:

	2019 $'000	**2018 $'000**
Revenue		
Guard security	22,726	18,458
Other security	837	662
Total	**23,563**	**19,120**
Other Income		
Interest Revenue: Bank	8	10
Other	21	-
Total	**29**	**10**

7. Expenses

Overhead expenses include the following:

	2019 $'000	**2018 $'000**
Professional Fees	211	285
Directors Fees and Remuneration	95	87
Administration & Occupancy	484	464
Insurance	1,055	647
Finance Costs **(Note 8)**	24	21

8. Finance Costs and Finance Income

Finance costs for the reporting periods consist of the following:

	Note	2019 $'000	2018 $'000
Interest expense: Related Party loan	19	(13)	(17)
Interest expense: Other		(11)	(4)
		(24)	**(21)**

9. Income Tax Expense

The major components of tax expense and reconciliation of the expected tax expense based on the domestic effective tax rate of the Company at 27.5% (2018: 27.5%):

	2019 $'000	2018 $'000
(a) Recognised in the Income Statement		
Current tax		
Current Year	-	2
Under / (Over) provision for Prior Year	5	-
Deferred Tax		
Origination & Reversal of temporary differences	-	-
Under / (Over) Provision for Prior Periods	-	-
Income tax (benefit)/ expense	**5**	**2**
Numerical reconciliation between Tax Expense and Pre-Tax Net		
Profit (loss) before tax from continuing operations	(194)	(675)
Profit (loss) before tax from discontinued operations	28	-
	(166)	(675)
Domestic tax rate for the Group	27.5%	27.5%
Income Tax expense / (benefit)	**(46)**	**(186)**
Increase in Income tax due to tax effect of:		
Non-deductible expenses	4	156
Under Provision in Prior Year	(2)	(10)
Current year tax losses not recognised	12	-
Decrease in Income Tax expense due to:		
Movement in unrecognised temporary tax losses	78	119
Utilisation of previously unrecognised tax losses	-	(13)
Deductible equity raising costs	(41)	(64)
Income tax expense / (benefit) attributable to Equity	**5**	**2**

9. Income Tax Expense (continued)

b) Deferred Tax Recognised Directly in Equity	**2019 $'000**	**2018 $'000**
Using a corporate tax rate of	**27.5%**	**27.5%**
Relating to equity raising costs	-	-
Deferred tax expense attributable to equity recognised in equity	**-**	**-**
c) Recognised Deferred Tax Assets and Liabilities		
Opening balance	-	-
Charged to Income	-	-
Charged to Equity	-	-
Acquisitions / disposals	-	-
	-	-
Deferred Tax Assets		
Accruals and Provisions	42	48
Previously Expensed Black Hole costs		-
Gross Deferred tax assets	**42**	**48**
Set off of deferred tax liabilities	(42)	(48)
Net deferred tax assets	-	-
Deferred Tax Liabilities		
Prepayments	(42)	(42)
Plant & Equipment	-	-
Intangibles	-	(6)
Other DTLs	-	-
Gross Deferred Tax Liabilities	**(42)**	**(48)**
Set off of deferred tax assets	42	48
Net deferred tax liabilities	**-**	**-**
Income Tax expense / (benefit)	**5**	**2**
d) Unused tax losses and temporary differences for which no deferred tax asset has been recognised at 27.5% (2018: 27.5%)		
Deductible temporary differences	552	495
Tax revenue losses	1,443	1,432
Tax capital losses	174	174
Total	**2,169**	**2,101**
e) Current tax assets / (liabilities)		
Income tax refundable / (payable)	**40**	**50**

10. Cash and Cash Equivalents

Cash and cash equivalents include the following components:

	2019 $'000	2018 $'000
Current Asset: Cash at Bank	2,098	835
Non-Current Asset: Restricted Cash / Bonds	2	2
	2,100	**837**

11. Trade and Other Receivables

Trade and Other Receivables consist of the following:

	2019 $'000	2018 $'000
Trade Debtors	2,901	2,690
Prepayments	186	161
Other Receivables	10	22
	3,097	**2,873**

All amounts are short-term and interest free. The carrying value of Trade Receivables is considered a reasonable approximation of fair value.

As at 30 June 2019 Other Receivables included Employee Loans of $8,679 (30 June 2018: $9,348). All are considered recoverable. The loans to employees are provided at the discretion of senior management to meet urgent personal issues of staff, are typically for a period of no more than 2 -3 months and are typically repayable in fortnightly instalments. These loans are unsecured and typically interest free. Any interest that might have been charged is not considered material.

All of the Group's Trade Receivables and Other Receivables as at 30 June 2019 have been reviewed for indicators of impairment. Specific balances of $42,520 (2018: $30,757) have been identified as past-due and impaired, and $10,196 (2018: $nil) have been written off.

12. Inventories

Inventories consist of security-related items including stocks of Guard uniforms, radio equipment and similar operating items:

	2019 $'000	2018 $'000
Inventories	41	29

13. Plant and Equipment

30 June 2019	Furniture & Equipment $'000	Motor Vehicles $'000	Software $'000	Total $'000
Cost or Valuation				
Balance at 1 July 2018	421	208	121	750
Additions	2	30	28	60
Transfers and other movements	(9)	-	(6)	(15)
Balance at 30 June 2019	**414**	**238**	**143**	**795**
Depreciation				
Balance at 1 July 2018	(295)	(145)	(74)	(514)
Depreciation	(64)	(25)	(41)	(130)
Transfers and other movements	-	-	-	-
Balance at 30 June 2019	**(359)**	**(170)**	**(115)**	**(644)**
Carrying amount at 30 June 2019	**55**	**68**	**28**	**151**

30 June 2018	Furniture & Equipment $'000	Motor Vehicles $'000	Software $'000	Total $'000
Cost or Valuation				
Balance at 1 July 2017	375	206	60	641
Additions	57	41	67	165
Transfers and other movements	(11)	-	(6)	(17)
Disposals	-	(39)	-	(39)
Balance at 30 June 2018	**421**	**208**	**121**	**750**
Depreciation				
Balance at 1 July 2017	**(226)**	**(115)**	**(46)**	**(387)**
Disposals	-	12	-	12
Transfers and other movements	11	-	6	17
Depreciation	(80)	(42)	(34)	(156)
Balance at 30 June 2018	**(295)**	**(145)**	**(74)**	**(514)**
Carrying amount at 30 June 2018	**126**	**63**	**47**	**236**

14. Mineral Exploration and Evaluation Expenditure

During the Reporting Period $nil (2018: $nil) of project-related costs were expensed to Profit or Loss. No amounts were capitalised to the Statement of Financial Position in either period, nor were any previously capitalised project costs written off as impaired during either period.

14. Mineral Exploration and Evaluation Expenditure (continued)

Exploration expenditure commitments:

The Group has no exploration and valuation expenditure commitments required to comply with licence terms issued by relevant regulatory bodies.

During the Reporting Period:

- No mineral exploration activity occurred, such that no mineral exploration expenditure was incurred;

- The Group subsidiary Red Gum Resources (Chile) Pty Ltd was deregistered by the Company with ASIC on 16 December 2018. Immediately prior to being deregistered it was a dormant 100% owned subsidiary with no material assets or liabilities. The Group previously held Chilean tenements through this wholly owned subsidiary which in turn held 100% of the shares in Red Gum Resources Chile SpA, a Chilean entity. During a previous Reporting Period the relevant Group subsidiary waived its rights to the La Negra tenements in Chile and, as such, no further commitments existed in relation to those tenements. The Chilean tenements had a $nil Net Book Value as the date of waiver.

During the previous Reporting Period:

- No mineral exploration activity occurred, such that no mineral exploration expenditure was incurred;

- Red Gum Resources (Peru) Pty Ltd was deregistered by the Company with ASIC on 16 March 2018. Immediately prior to being deregistered it was a dormant 100% owned subsidiary with no assets or liabilities. Red Gum Resources (Peru) Pty Ltd previously held 99.99% of the shares in Central Peru Resources SAC which in turn held 100% of four Peruvian projects Cerro Huancash and Chongos A, B and C. Central Peru Resources SAC had been sold in August 2015 (pending Peruvian government approval) for a nominal amount. These Peruvian tenements had a $nil Net Book Value as the date of sale of the subsidiary.

As a result of the above two de-registrations, as at 30 June 2019 the Group no longer had any interest in the mineral exploration sector and had $nil (2018: $nil) obligations to maintain any mining exploration tenements in good administrative standing.

15. Intangible Assets

Customer Contracts Acquired

During the previous Reporting Period the Group acquired certain customer contracts and relationships of State Security WA Pty Ltd on 1 August 2017. The consideration was to a maximum of $0.239 million, the amount being contingent on continuation of work-flow from the relevant customers over a 12 month period from the date of the transaction and was payable – except for an element paid on settlement - in monthly instalments over a 12 month period.

The fair value of the Contracts Acquired was assessed having regard to:

- the total expected cost of the acquisition (including an assumption that the contingent monthly instalments would be paid to the vendor in full);

- net of the assessed value of tangible assets; and

- an assessment of the expected future economic benefits embodied in the Contracts Acquired that would flow to the Group.

Due to the relatively short period over which benefits were assumed to occur, discount rates were not applied.

15. Intangible Assets (continued)

Customer Contracts Acquired (continued)

Management took the view to amortise the value of the Contracts Acquired to the Profit or Loss over a 12 month period from the acquisition on 1 August 2017, based on an estimated average remaining life of the contracts at acquisition date - excluding any renewals or extensions – and the purchase price instalment period. Most of the contracts and customer relationships have subsequently extended beyond the 12 month amortisation period. The movement in the net carrying amounts of Contracts Acquired is as follows:

	2019 $'000	2018 $'000
Balance 1 July	22	-
Acquired:	-	239
Amortised to Profit or Loss	(22)	(217)
Balance 30 June	**-**	**22**

16. Trade & Other Payables

Trade and Other Payables consist of the following:

	2019 $'000	2018 $'000
Trade Payables	309	192
GST and Payroll Tax **(1)**	872	867
Accruals	248	168
Accruals for Prior Period Insurance **(2)**	450	-
PAYG	923	250
Superannuation	381	306
Other Payables	87	28
	3,270	**1,811**

All amounts are short-term unless otherwise stated. The carrying values of are considered a reasonable approximation of fair value. The Trade Payables are payable within 30-60 days.

(1): The above GST liability includes $0.32m owed by JBPL, a dormant subsidiary, of which $0.283m had not been disclosed prior to the acquisition of JBPL by the Company in 2015. The liability has been warranted by the vendor. JBPL has been in the process of liquidation since September 2017.

(2): During the Reporting Period the Company finalised a review of its Workers Compensation insurance premium liabilities in relation to periods prior to those managed by its current broker. An amount of $450,000 was accrued in relation to expected workers compensation call-up premiums for the years 2015/16 and 2016/17. The Company's insurer confirmed the expected additional premiums would not fall due for payment until at least 31 August 2019. Subsequent to the Reporting Period the Company has agreed a premium funding agreement to pay its insurance premiums, including the above prior period workers compensation call-up premiums, in 10 equal monthly instalments over the financial year to June 2020. The Company has at all times maintained full Workers Compensation insurance coverage for all of its employees.

17. Provisions

All annual leave provisions are considered current.

17. Provisions (continued)

Long service leave provisions are considered:

- current liabilities where an employee had an unconditional right to the benefit (has reached the required length of continuous employment) as at 30 June 2019, or

- non-current liabilities where an employee does not yet have an unconditional right to the benefit.

All leave provisions relate to Annual Leave and Long Service leave of the Security Business staff. The directors of the Company do not accrue annual or long service leave. The carrying amounts and movements in the provisions account are as follows:

	2019 $'000	2018 $'000
Current Liabilities		
Annual Leave	868	698
Long Service Leave	260	115
	1,128	813
Non-Current Liabilities		
Long Service Leave	117	172
	1,245	**985**
Movement		
Balance 1 July	985	724
Movement in year	260	261
Balance 30 June	**1,245**	**985**

No provision has been made for legal claims. Whilst the Group is dealing with a number of Workers' Compensation matters in the ordinary course of business, management are of the view such claims are individually immaterial to the Group and / or are adequately covered by the Group's insurance policies.

18. Employee Remuneration

Expenses recognised for employee benefits are analysed below:

	2019	2018
	$'000	$'000
Employee expenses within Cost of Sales		
Gross Wages and salaries	15,355	12,475
Movement in Leave Provisions	175	-
Superannuation	1,222	953
Payroll Tax	1,008	791
	17,760	**14,219**
Other Costs of Sales	1,431	1,014
	19,191	**15,233**
Employee expenses within Overheads		
Gross Wages and salaries	1,623	1,609
Superannuation	145	151
Movement in Leave Provisions	85	261
Other	36	145
	1,889	**2,166**

18. Employee Remuneration

Except for the incentive scheme for Key Management Personnel discussed at Section 1 of the Remuneration Report the Group does not currently have any share-based payment schemes for employee remuneration.

19. Related Party Loan

The acquisition of the Security Businesses in a previous Reporting Period included for the Group to calculate and accumulate the net relevant working capital due to / from the Company or relevant vendor to ensure that the businesses were acquired on a "*no debt, no cash basis*" and subsequently make payment to / from the relevant vendors (***Working Capital Calculation***). The calculated and agreed Working Capital Calculation amount owing to the vendors of MCS Security was subsequently converted by agreement to Related Party Loan. The key terms were:

- Lenders: Paul and Maureen Simmons
- Borrower: MCS Services Limited
- Maturity: 36 months, commencing on acquisition date of 1 Nov 2015
- Interest Rate: 6% pa on amount drawn, capitalised monthly until Maturity
- Interest Payment: On Maturity
- Redemption: On Maturity date or any time at the Borrower's discretion
- Security: Unsecured
- Assignment: No transfer or assignment without consent of Borrower
- Law Western Australia

As at 30 June 2018 the Related Party loan was disclosed as a Current Liability.

During the Reporting Period:

- the Company and the Related Party agreed to restructure the Related Party loan agreement on the same terms to the above except that $0.12 million of the balance was to be payable on 31 October 2018 and the remainder not later than 31 October 2020;

- the above $0.12m payment was made; and

- interest of $12,644 was accrued on the Related Party Loan.

As a result of the restructure, the Related Party loan is disclosed as a Non Current Liability as at 30 June 2019.

The Related Party Loan arising from the Working Capital Calculation owing to the vendors of MCS Security Pty Ltd, being P&M Simmons, is as below:

Related Party Loan	**2019**	**2018**
	$'000	**$'000**
Opening Balance	284	287
Interest accrued	13	17
Repayment	(120)	-
Waived by Related Party	-	(20)
Closing Balance	**177**	**284**

As at 30 June 2019 the Working Capital Calculation amount owing to / by the vendor of JBPL (Intiga Security) had not been finally quantified.

20. Equity

Share Capital
The share capital of the Company consists only of fully-paid ordinary shares as follows.

Ordinary shares	**2019**	**2018**
	$'000	**$'000**
At the beginning of reporting period	18,024	18,051
Shares Issued		
8 December 2017[(1)]	-	31
Shares Bought Back & Cancelled		
9th-20th October 2017[(2)]	-	(58)
22nd January 2019[(3)]	(29)	-
	(29)	**(27)**
Less: Share Issue Costs	-	-
At the end of Reporting Period	**17,995**	**18,024**

Ordinary shares	**2019**	**2018**
	Number	**Number**
At the beginning of reporting period	189,309,608	205,901,928
Shares Issued		
8 December 2017 [(1)]	-	1,407,680
Shares Bought Back & Cancelled		
9 October 2017 [(2)]	-	(14,400,000)
20 October 2017 [(2)]	-	(3,600,000)
22nd January 2019[(3)]	(1,765,051)	-
	(1,765,051)	**(16,592,320)**
At the end of Reporting Period	**187,544,557**	**189,309,608**

All issued shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders meeting of the Company.

(1) On 8 December 2017, 1,407,680 ordinary shares were issued at $0.022 per share under the Dividend Reinvestment Plan

(2) As approved by shareholders at a General Meeting on 19 September 2017, the Company bought back and cancelled 18,000,000 ordinary shares, as originally issued to the vendor of JBPL Pty Ltd ("Intiga") in 2015, pursuant to a selective share buy-back agreement and for consideration payable by the Company of $57,960.

(3) On 22 January 2019, under the terms of the unmarketable buy-back as announced to relevant shareholders on 28 November 2018, a total of 1,765,051 ordinary MCS shares were acquired and cancelled at a buy-back price of 1.64 cents totalling $28,945.

20. Equity (continued)

Share Option Reserve

The Share Option Reserve records items recognised on the valuation of share options over the vesting period. No options were granted to directors or employees during the Reporting Period or subsequently:

	2019	2018
	$'000	$'000
At the beginning of the year	214	202
Quoted options lapsed during the year (1)	-	(202)
Unquoted options issued during the year (2)	-	214
At the end of the year	**214**	**214**

(1) Options exercisable at $0.44 expired without being exercised on 15 November 2017. The fair value of these options, $202,000, was transferred to Retained Earnings.

(2) During the previous Reporting Period:

- As approved by shareholders at the Annual General meeting on 30 November 2017, 3 million unlisted options were issued to each of the Directors of the Company, being Messrs Kucera, Ward and Martin.
- 3 million unlisted options were also issued to each of the CEO, CFO and Company Secretary.
- All of the 18 million options have an exercise price of 4 cents, can be exercised at any time up to 30 November 2022, were issued for $nil consideration, and form part of a remuneration package to provide a realistic and meaningful incentive. The value of the unlisted options was calculated using the Black-Scholes Model.

The Company has the following share options outstanding (post consolidation):

	Quoted Options 2019 Number	Quoted Options 2018 Number	Unquoted Options 2019 Number	Unquoted Options 2018 Number	Weighted Average Exercise price
At 1 July	-	4,000,047	18,000,000	-	$0.11
Expired un-exercised	-	(4,000,047)	**-**	**-**	($0.44)
Issued	-		-	18,000,000	$0.04
At 30 June	**-**	**-**	**18,000,000**	**18,000,000**	**$0.04**

The 18 million unquoted options were issued to Directors and Key Management Personnel during the previous Reporting Period, on 19 December 2017, as cost effective incentives to attract and retain Directors and Key Management Personnel of their particular skills and experience and form part of a reasonable and appropriate remuneration package. The value of these unquoted options was calculated using the Black-Scholes Model and expensed to Profit or Loss in the previous Reporting Period. The options vested immediately, were issued for $nil consideration, have an exercise price of 4 cents and expire on or before 30 November 2022. None of the options had been exercised by 30 June 2019.

20. Equity (continued)

Foreign Currency Translation Reserve

The foreign currency translation reserve was eliminated upon the deconsolidation of the former mining exploration subsidiaries following their deregistration with ASIC.

	2019	2018
	$'000	$'000
At the beginning of the year	30	30
Deconsolidation of mining exploration subsidiaries	(30)	-
At the end of the year	**-**	**30**

21. Earnings per share and dividends

Earnings per share

Both basic and diluted earnings per share have been calculated using the profit (loss) attributable to shareholders of the Parent Company as the numerator. The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	2019	2018
	'000 of shares	'000 of shares
Weighted average number of shares used in basic earnings per share	188,536	193,733
Weighted average number of shares used in diluted earnings per share	188,536	193,733
Profit / (loss) used in calculation of Earnings per share:	**$'000**	**$'000**
From continuing operations	(199)	(677)
From discontinued operations	28	-
	(171)	**(677)**
Basic profit (loss) per share	**Cents**	**Cents**
From continuing operations	(0.106)	(0.350)
From discontinued operations	0.015	-
	(0.090)	**(0.350)**

Dividends

	2019	2018
	$'000	$'000
Dividends declared during the year	**-**	**188**
Being:		
Paid cash	-	146
Withholding tax paid to ATO	-	11
Shares issued under Dividend Reinvestment Plan	-	31
	-	**188**

The Board has elected not to pay a dividend for the current year. The Company will be deploying funds to reduce debt, efficiently manage its capital structure and / or enhance its growth strategy.

22. Reconciliation of cashflows from operating activities

	2019 $'000	2018 $'000
Profit / (Loss) for Year	(171)	(677)
Adjustments for:		
- Interest received and receivable	(8)	(10)
- Depreciation	130	156
- Amortisation	22	217
- Loss (Gain) on MCS Security capital restructure	-	45
- Issue of unquoted Options	-	213
Net change in Working Capital:		
- Change in Inventories	(12)	(11)
- Change in Trade & Other Receivables	(224)	(134)
- Change in other net assets	3	(107)
- Change in Trade Creditors and Accruals	1,459	223
- Change in Provisions	260	261
Net Cash provided by Operating Activities	**1,459**	**176**

23. Auditor Remuneration

Stantons International Audit & Consulting Pty Ltd ("Stantons") were appointed as auditors of the Company on 27 November 2014. The appointment was confirmed by shareholders at the 2014 Annual General Meeting. Stantons continues in that position.

	2019 $'000	2018 $'000
Audit & Review of financial statements	92	105
Other Services: Non-audit assistance: Options valuation	-	-
Total	**92**	**105**

The Auditor's Independence Declaration is set out on page 18 of the Annual Report.

24. Related Party Transactions

(a) Capital Restructure: MCS Security

During a previous Reporting Period, pursuant to the relevant Sale & Purchase Agreement for the Company's acquisition of MCS Security Pty Ltd effective 1 November 2015, the Group incurred a liability to the vendors, Mr Paul and Mrs Maureen Simmons, for the value of working capital as at that date. Subsequently, during a previous Reporting Period and following shareholder approval of an agreed capital restructure, the remaining amount was converted into a Related Party Loan (**Note 19**).

During the previous Reporting Period a required adjustment of $0.045 million to the Working Capital Calculation was notified and paid to the vendors of MCS Security Pty Ltd. The adjustment was not added to the Related Party Loan.

24. Related Party Transactions (continued)

(b) Capital Restructure: JBPL

As announced on 7 September 2016, the Company and the vendor of JBPL agreed to a capital restructure arising from agreed adjustments to the original vendor considerations. The capital restructure in relation to JBPL was subject to a subsequent legal dispute during the Reporting Period.

During the previous Reporting Period:

- the Company and the vendor of JBPL agreed to a revision of the capital restructure such that the 18 million fully paid ordinary shares originally issued to the vendor of JBPL during the Reporting Period ending 30 June 2016 were to be cancelled by way of selective share buy-back in consideration for the payment by the Company of $57,960. The previously arranged consideration – for the issue of 27 million unlisted options in the Company exercisable at $0.06 each expiring 30 October 2020 – would not occur;

- the above revision was approved by shareholders on 19 September 2017;

- the Company had the 18 million shares transferred into its own name and cancelled during October 2017;

- the purchase consideration of $57,960 was paid to the vendor.

(c) Related Party Loan

The terms of the loan and remaining balance are set out at **Note 19**.

(d) Head Office Lease

On 1 October 2014 MCS Security Group Pty Ltd entered into a lease agreement with The Simmons Superannuation Fund, a related party to CEO and Managing Director (and primary vendor of MCS Security) Mr Paul Simmons, for the lease of a 231m² office premises at 3/108 Winton Road, Joondalup, WA, 6027.

The term of the original lease was 1 October 2014 to 30 September 2019, with a 5 year option period, an annual rent of $49,123 (excluding GST) per annum subject to an annual CPI increase, and with variable outgoings charged separately at market rates. The lease was assigned to the Group upon the acquisition of MCS Security in November 2015, and a variation was entered into in November 2015 with annual rent at $47,924 (excl GST) and a CPI indexed rent-rise mechanism with a cap of 2.5% pa. The varied lease has a five year term ending November 2020 with a further 5 year option. The rental agreement has previously been assessed by the Company as being at market rate.

The amount billed during the Reporting Period for rent was $50,371 (2018: $49,762).

(e) Related Party Transactions – Director

During the Reporting Period a corporate travel agency owned by a relation of Mr Geoff Martin, a director of the Company, arranged domestic flight bookings for the Group totalling some $44,814. The Board consider the service is provided at commercial rates.

(f) CEO Benefits

Mr Paul Simmons, one of the vendors of MCS Security, has received an annual salary of $160,000 pa (plus superannuation) since 1 November 2015 to 14 December 2017. The annual salary then increased to $180,000 pa (plus superannuation). A bonus of $10,000 was paid in December 2018.

24. Related Party Transactions (continued)

(g) Transactions with Key Management Personnel

Key management of the Group are the members of the Company's Board of Directors, the CEO, CFO and Company Secretary during the Reporting Period. In addition to the matters set out above, key management's remuneration includes the following:

- salaries / fees (incl superannuation on the CEO and CFO salaries at 9.5%);

- equity-settled share-based payments (SBP) in the form of 3 million unquoted options were granted to each of the three current Directors, to the CEO, the CFO and Company Secretary during the previous Reporting Period (**Note 20**) for $nil consideration on 19 December 2017. The options vested immediately on the grant date and their value was calculated as at the grant date using the Black Scholes model;

- the Board approved for the CFO to be provided a $5,000 cash bonus in December 2018 during the Reporting Period.

The Directors and Key Management Personnel may be also reimbursed for business-related expenses.

	2019			**2018**		
	Salary & Fees	**Share Based Payments**	**Total**	**Salary & Fees**	**Share Based Payments**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Non Executive Directors						
Bob Kucera (Chairman)	35,000	-	35,000	30,833	38,100	68,933
Josh Puckridge (27 May 2015–14 July 2017)	-	-	-	940	-	940
Matthew Ward	30,000	-	30,000	28,332	38,100	66,432
Geoffrey Martin	30,000	-	30,000	27,000	38,100	65,100
	95,000	**-**	**95,000**	**87,105**	**114,300**	**201,405**
Key Management Personnel	424,567	-	424,567	390,192	99,000	489,192
	519,567	**-**	**519,567**	**477,297**	**213,300**	**690,597**

25. Contingent Liabilities

Commensurate with the size of its workforce and the nature of their work, the Group is periodically subject to Workers Compensation and other employee-related claims. As at the Reporting Date the Group is subject to a number of such claims. The validity of a number of such claims and the ultimate amount that might be payable is not certain. Further information on these contingencies is omitted so as to not prejudice the Group's position in the related disputes. The Board considers all claims pending as at the Reporting Date to be adequately covered by its insurance policies or otherwise financially immaterial to the Group.

The winding up process for the Group's 100%-owned subsidiary John Boardman Pty Ltd (JBPL) commenced during the previous Reporting Period. JBPL has no material assets, does not trade, and its only material liabilities are tax amounts incurred prior to its acquisition by the Company (**Note 16**). The Group does not at this stage anticipate any effect on Group operations or any negative effect on the Group's financial position.

26. Capital Commitments

As at the Reporting Date the Group has not formally committed to any capital expenditure for the subsequent Reporting Period except for some $0.04 million for IT upgrades currently in progress.

27. Interests in Subsidiaries

Composition of the Group

Set out below are details of subsidiaries held directly by the Group:

Name of Subsidiary	Incorporation and Principal Place of Business	Principal Activity	Group ownership % 30 June 2019	Group ownership % 30 June 2018
MCS Security Pty Ltd	Australia	Security	100%	100%
John Boardman Pty Ltd (*JBPL*) **(1)**	Australia	Security	100%	100%
Red Gum (Peru) Pty Ltd **(2)**	Australia	Formerly, mineral exploration	-	-
Red Gum (Chile) Pty Ltd **(3)**	Australia	Formerly, mineral exploration.	-	100%
Red Gum Chile SpA **(3)**	Chile	Mineral exploration, dormant	-	100%

(1) The winding up of JBPL commenced in September 2017, during the previous Reporting Period, and is ongoing**.** JBPL has no material assets and does not trade. JBPL's main liabilities are tax amounts of some $0.32m arising prior to JBPL's acquisition by the Company and as warranted by the vendor (**Note 16)**. The Company does not anticipate the winding up will have any adverse effect on operations or on the Group's financial position.

(2) Red Gum Resources (Peru) Pty Ltd was deregistered with ASIC on 16 March 2018. Immediately prior to being deregistered it was dormant and had no assets or liabilities.

(3) Red Gum Resources (Chile) Pty Ltd was deregistered with ASIC on 16 December 2018. Immediately prior to being deregistered it was dormant and had no material assets or liabilities. Following de-registration the subsidiary was deconsolidated from the Group's financial reporting generating a profit from discontinued operations of $30,029 (**Note 20**).

Red Gum Chile SpA was 100% owned by Red Gum Resources (Chile) Pty Ltd.

Interests in Unconsolidated Structured Entities

The Group has no interests in unconsolidated structured entities.

28. Leases

Finance leases

The Group had no finance lease arrangements as at the Reporting Date, or as at the previous Reporting Date.

Operating Leases

The Group leases its Head Office under an operating lease from a party related to Mr Paul Simmons, the CEO and vendor of MCS Security Pty Ltd (**Note 24(d)**)**.** The Group has no other Operating Leases.

29. Financial Instrument Risk

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised below. The main types of risks are market risk, credit risk and liquidity risk. The Group's risk management is co-ordinated at its Head Office, in close co-operation with its Board of Directors, and focusses on actively securing the Group's short to medium term cashflows by obtaining, and renewing, long-term security contracts with credit-worthy customers.The Group does not actively engage in trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

The Groups financial instruments consist mainly of deposits with banks, Accounts Receivables, and Accounts Payable.

Market Risk Analysis

a) Foreign Currency sensitivity

Materially all of the Group's transactions are carried out in Australian Dollars (**A$**), and all of its Cash Balances are held in A$ (**Note 10**) and all of its Trade & Other Receivables (**Note 11**) are denominated in A$.

As at the Reporting Date the Group no longer holds mineral exploration tenements in Latin America (book value 30 June 2019 $nil, 2018 $nil), had not actively explored for minerals in the above locations during the Reporting Period, and does not have liabilities or exposures in those locations. As such, the Group is not incurring costs or liabilities in currencies other than A$.

The Group has no foreign currency loans or material liabilities in foreign currencies. The Group does not enter into forward exchange contracts or otherwise seek to hedge any such exposure.

As such, the Group has minimal exposure to foreign currency movements.

b) Interest Rate sensitivity

The Group has no material interest rate cash flow risk exposure as:

- the interest received on its bank account balances, being with a major Australian bank, are not material to the Group's financial performance (**Note 8**)**;**
- the Group does not have any Finance Lease arrangements**;** and
- the interest charge on the Related Party loan, as owed to the vendor of the MCS Security business arising from the Capital Restructure, is fixed at 6% pa (**Note 19**)**.**

Credit Risk Analysis

Credit Risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, primarily in granting Trade Receivable facilities with customers and placing Cash deposits with its bank.

The Group's maximum exposure to credit risk at the Reporting Date is limited to the carrying amount of financial assets as summarised below:

29. Financial Instrument Risk (continued)

Credit Risk Analysis (continued)

	Note	2019 $'000	2018 $'000
Current Assets: Cash and Cash Equivalents	**10**	2,098	835
Current Assets: Trade & Other Receivables	**11**	2,911	2,712
Non-Current Assets: Cash Bonds		2	2

The credit risk for Cash and Cash Equivalents is considered by management to be negligible as the counterparties to materially all of the Group's bankings are with a reputable Australian bank, National Australia Bank.

In respect of Trade Debtors, the Group's largest 5 customers (either a single counterparty or a group of related counterparties) accounted for some 66% (64%: 2018) of the Trade Debtors amount owing as at 30 June 2019. Management considers all the above counterparties to be well-known, well-regarded, prompt paying and financially stable entities. Other Trade Debtors consist of a large number of customers. As such, management does not consider it to be exposed to any significant credit risk exposure to any single Trade Debtor counterparty or any group of counterparties having similar characteristics.

Based on historical information about customer default, management consider the credit quality of Trade Debtors that are not past due or impaired to be good. The Group continuously monitors for signs of potential default of Trade Debtors – including through regular meetings with customers, monitoring of trade-account regularity and through external sources. The Group's policy is to deal only with creditworthy customers. Credit risk is managed on a Group basis and reviewed regularly by the Board.

At 30 June the group had certain Trade Debtors that had not been settled by the contractual due date but were not considered to be impaired. The amounts at 30 June 2019 analysed by the length of time past due are:

	2019 $'000	2018 $'000
More than 3 months but not more than 6 months	244	197

The Group's management considers that all of the above financial assets that are not impaired or past due for each 30 June reporting date under review are of good credit quality.

Price Risk

The Group is not exposed to price risk.

Liquidity risk analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations.

The Group manages its liquidity needs including by:

- Monitoring forecast cash inflows and outflows in day-to-day business,
- Managing working capital, especially the timely receipt of customer accounts, and
- Preparing short-medium term forecasts.

29. Financial Instrument Risk (continued)

Liquidity Risk (continued)

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its Cash resources and Trade Receivables.

The Group's cashflows from Trade Receivables are all contractually due within 30 days of invoice. The Group's primary cash outflows are for payroll, tax and superannuation obligations which can be estimated as to timing with reasonable certainty.

The Group's existing Cash resources and Trade Receivables exceed the current forecast cash outflow requirements.

30. Fair Value Assessment

Fair value measurement of financial instruments

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into 3 levels of a fair value hierarchy. The 3 levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: unobservable inputs for the asset or liability.

The following table shows the level within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2019 and 30 June 2018:

	Level 1	Level 2	Level 3
	$'000	$'000	$'000
30 June 2019			
Cash	-	2,098	-
Trade & Other Receivables	-	2,911	-
Trade & Other Payables	-	(3,270)	-
Related Party Loan	-	(177)	-
30 June 2018			
Cash	-	835	-
Trade & Other Receivables	-	2,712	-
Trade & Other Payables	-	(1,811)	-
Related Party Loan	-	(284)	-

Fair value measurement of non-financial instruments

The book value of the Group's Plant & Equipment is based on depreciated acquisition cost and Management's view on the ongoing usability of the assets by the Group.

30. Capital management policies and procedures

The Company's objectives when managing capital are to ensure the Company can fund its operations and continue as a Going Concern and to provide shareholders with adequate returns by pricing its services commensurately with the level of risk. As the Group does not currently have any material debt-funding and so has no externally imposed capital requirements, the Company monitors capital on the basis of liquidity and dividend return to shareholders. There have been no changes in this strategy since the prior year.

The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of its business operations. In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets. The Group has no external debt covenants.

31. Parent entity information

Information relating to MCS Services Limited ("***Parent Entity***" or "***the Company***") is as follows:

	2019 $'000	2018 $'000
Statement of Financial Position		
Current Assets	130	163
Non-Current Assets	4,930	4,931
Total Assets	**5,060**	**5,094**
Current Liabilities	(123)	(376)
Non-Current Liabilities	(1,237)	(654)
Total Liabilities	**(1,360)**	**(1,030)**
Net Assets	**3,700**	**4,064**
Equity		
Issued Capital	17,995	18,024
Share Option Reserve	214	214
Accumulated Losses	(14,509)	(14,174)
Total Equity	**3,700**	**4,064**
Financial Performance		
Operating Loss for the Year	**(335)**	**(788)**

No dividend was declared in the current year.

During the previous Reporting Period the Company declared and paid a dividend of $0.188 million (incl Dividend Reinvestment Plan participation).

The Parent Entity has capital commitments of $nil. The Parent Entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end.

32. Events Arising since the end of the Reporting Period

No adjustments or significant non-adjusting events have occurred between the Reporting Date and the date of authorisation of this Report, except that:

- the Company entered into a Premium Funding agreement in September 2019 to pay its insurance premium obligations, including prior year accruals, over 10 equal monthly instalments;

- Mr Paul Simmons was appointed as a director of MCS Services, the parent company, effective 1 July 2019.

In the opinion of the Directors of the Company:

- The consolidated financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

    - Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

    - Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001, and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2019.

Note 2 confirms that the consolidated financial statements also comply with International Reporting Standards.

Signed in accordance with a resolution of the directors

APM JP.

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

Dated 27 September 2019

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of MCS Services Limited, the Company and its subsidiaries, ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group 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 (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
Completeness and accuracy of revenue under the new revenue Standard AASB 15 Revenue from Contracts with Customers There is an inherent risk around the accuracy of revenue recorded given the nature of the Group's activities. The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. The group's policy on revenue recognition is set out in Note 4 to the financial statements and revenue is analysed in Note 6. Revenue recognition is a key audit matter as the application of revenue recognition involves the evaluation of the appropriateness of management's judgements and estimates, as well as the significance of the Revenue balance to the Group (approximating $23.563 million).	Inter alia, our audit procedures included the following: i. Assessing the Group's process to identify the impact of adoption of the new revenue accounting standard. ii. Assessing the appropriateness of the Group's revenue recognition accounting policies and the adequacy of their disclosures in the financial statements; iii. Testing the operating effectiveness of the key controls over the revenue process; iv. Performing tests for accuracy, completeness and cut-off of customer invoicing on a sample basis; and v. Performing substantive tests and analytical procedures on revenue and costs of sales and performed tests of detail on accounts receivable balances recognised in the statement of financial position at year-end.
Completeness of Cost of Sales Group's cost of sales for the year amounted to $19.191 million. Cost of sales comprises mainly payroll costs relating to the employment of security guards and other front-line personnel. Payroll records are a key component in revenue generation and recognition. We identified the accuracy of the recorded cost of sales as a key audit matter due to its impact on the revenues and profitability.	Inter alia, our audit procedures included the following: i. Assessing the appropriateness of the Group's employee benefits' accounting policies; ii. Testing the operating effectiveness of the key controls over the payroll cycle, which included procedures for recording employees in the payroll system, processing of the payroll, record-keeping and tracing payroll costs to revenues; iii. Performing tests for cut-off of employee benefits expense; iv. Corroborating employee's rate of pay per the payroll system to relevant supporting documentation; v. Verification on a sample basis of employee's wages to timesheets and security rosters, and tracing the number of hours worked to the applicable revenue generating invoice; and vi. Assessing the adequacy of the employee benefits (and cost of sales) disclosures contained in Note 4 and Note 18.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 15 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of MCS Services Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik

Martin Michalik
Director
West Perth, Western Australia
27 September 2019

Additional information required by ASX listing rules and not disclosed elsewhere in this report is set our below. The information is effective as at 18 September 2019.

Securities Exchange
The Company is listed on the Australian Securities Exchange.

Substantial Shareholders
The number of substantial shareholders and their associates are set out below

Shareholder	Number of shares	%
PR & M Simmons Pty Ltd (Simmons Super Fund a/c)	33,531,812	17.88

Distribution of Equity Security Holders as at 18 September 2019

Holding	Shareholders	Total Units
1-1000	12	2,954
1,001-5,000	11	27,788
5,001-10,000	5	32,815
10,001-100,000	147	8,281,301
100,000 and over	168	179,199,699
	343	**187,544,557**

Top 20 Shareholders	Number of Ordinary Shares	% of Issued shares
PR & M Simmons Pty Ltd (Simmons Super Fund a/c)	33,531,812	17.88
JP Morgan Nominees Australia Limited	17,000,000	9.06
National Nominees Limited	13,527,078	7.21
Bull Equities Pty Ltd	7,500,000	4.00
Mr Gabriel Hewitt	7,500,000	4.00
Mr Johnathon Matthews	4,175,545	2.23
Mr Salvatore Di Vincenzo	3,527,605	1.88
Capital H Management Pty Ltd (Capital H a/c)	3,391,871	1.81
BNP Paribas Nominees Pty Ltd (IB AU NOMS Retail Client DRP)	3,300,515	1.76
Mr David Winton Julius Dare	3,000,000	1.60
RJ & A Investments Pty Ltd (Muller Morvan Family a/c)	2,840,432	1.51
Savol Pty Ltd	2,500,000	1.33
Mrs Lay Hoon Lee	2,490,000	1.33
M Conway Investments Pty Ltd (Conway Family a/c)	2,300,000	1.23
Sundowner Productions Pty Ltd	2,282,223	1.22
Ms Lay Kheng Ong	2,163,495	1.15
MILA Investment Co Pty Ltd (MILA Investment a/c)	2,100,000	1.12
Mr Peter David Sheppeard	2,000,000	1.07
Mr Peter David Sheppeard & Mrs Sharon Fay Sheppeard (Sheppeard Family S/F A/Cc)	2,000,000	1.07
Ferguson Corporation Pty Ltd	2,000,000	1.07
Mr Norman Colburn Mayne (NC Mayne Family Fund a/c)	2,000,000	1.07
Mr Paul James Menary	2,000,000	1.07
CTHD Investment Pty Ltd	2,000,000	1.07

Mr Vincent James Dyer	1,993,898	1.06
Navigator Australia Ltd (MLC Investment Sett a/c)	1,800,000	0.96
Mr John James Wiltshire Gilmour	1,731,561	0.92
	130,656,035	**69.67**
Total Remaining Holders (balance)	56,888,522	30.33
Total Ordinary Shares on issue	**187,544,557**	**100%**

Less than Marketable Parcel

There were 36 holders of less than a marketable parcel of ordinary shares.

Escrowed Shares

There are no shares held in escrow.

Unissued Equity Securities

There are no unissued equity securities.

On-Market Buy-Backs

There is no current on-market buy-back at the date of this Report.

Voting Rights

Ordinary Shares: On a show of hands, every member present at a meeting, in person or by proxy, shall have one vote and upon a poll each share shall have one vote.

Escrow Shares: No voting rights until vest.

Options: No voting rights.

Quoted Options

During the previous Reporting Period all 4,000,047 quoted options (ASX Code: MSGOA, exercisable at $0.44, expiring 15 November 2017) expired without being exercised on 15 November 2017.

Unquoted Options

As at 18 September 2019 the Company had the following unquoted options on issue:

Holder	Role	Holding
RC Kucera	Chairman	3,000,000
M Ward	Director	3,000,000
G Martin	Director	3,000,000
P Simmons	CEO	3,000,000
M Englebert	CFO	3,000,000
J Asquith	Company Secretary	3,000,000

END OF REPORT