

27 March 2025

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

RESULTS FOR ANNOUNCEMENT TO THE MARKET

HALF YEAR FINANCIAL REPORT & APPENDIX 4D

MCS Services Limited (MCS Services or the Company) (ASX: MSG) is pleased to present its auditor reviewed half-year report (Report) for the six (6) months ending 31 December 2024 (Period) and Appendix 4D.

Highlights from the Period (including discontinuing operations), as detailed in the Report and compared to the corresponding prior period, are as follows:

	December 2024 \$	December 2023 \$	Change \$	Change %
Revenue from ordinary activities	7,382,948	19,571,449	(12,188,501)	(62)
EBITDA before Significant Items	(257,825)	(1,299,804)	1,041,979	80
Significant Items (see below)	(242,000)	(1,676,713)	1,434,713	86
EBITDA after Significant Items	(499,825)	(2,976,517)	2,476,692	83
Net profit/(loss) from ordinary activities after tax	(786,835)	(3,432,597)	2,645,762	77
Net profit/(loss) attributable to members	(786,835)	(3,432,597)	2,645,762	77
Net Tangible Assets per ordinary share	0.004	(0.008)		

Results

In the 6 month Period to 31 December 2023 the Group comprised MCS Services (corporate parent), MCS Security Group Pty Ltd (operator of a Security Business) and Highways Traffic (operator of the Traffic Business) throughout the entire period. The Security Business was sold in June 2024 and so did not contribute to the results for the 6 month period to 31 December 2024;

During the 6 month period to 31 December 2024:

- Highways Traffic contributed \$7.38m revenue (\$4.28m revenue in half year to December 2023) , an EBITDA of \$77,965 (minus \$343,445 EBITDA in 6 month period



to 31 December 2023) and an operating loss of \$208,866 (operating loss of \$604,678 in 6 month period to 31 December 2023);

- MCS Security contributed \$nil in the 6 month period to 31 December 2024, having been sold prior to the Period (\$15.29m revenue, an EBITA of minus \$705,750 and an operating loss of \$876,063 in the 6 month period to 31 December 2023)

Significant Items

In the Period to 31 December 2024 the Group impaired the remaining \$0.24 million of Goodwill arising on its October 2022 acquisition of Highways Traffic. The Company is seeking to sell Highways Traffic.

In the Period to 31 December 2023 the Group reported a \$1.67 million impairment of the Goodwill that arose on the acquisition of the Highways Traffic Pty Ltd subsidiary in October 2022.

Associates or Joint Ventures

The Company has no associates or Joint Ventures

Proposed Sale of Traffic Business and / or restructure of the Parent

After thorough and diligent evaluation by the Board of Directors as to the merits of sale or retention of the Traffic business, and with the Company's primary aim to preserve value for shareholders, the Company has entered into indicative non-binding discussions for:

- the potential sale of the Traffic Business;
- a corporate restructure / Reverse Takeover of the MCS Services Limited parent company

Such potential transactions remain highly conditional as they remain subject to satisfactory completion of due diligence, the negotiation in good faith of formal transaction documents between the parties, and obtaining any necessary approvals including as required under ASX Listing Rules and Corporations Act (2001).

Dividends

No dividends were paid or declared during the Period. The Company is not proposing to pay a dividend in relation to the Period.



Independent Auditor's Review Report – Emphasis of Matter

The Auditor's Review Report includes an emphasis of matter, including:

"We draw attention to Note 4 of the half-year financial report, which indicates that the Group incurred a loss after tax of \$786,835 for the half year ended 31 December 2024, had a working capital deficiency of \$739,988, and net assets of \$741,192. The Group had cash and cash equivalents of \$908,685. As stated in Note 4, the events or conditions, along with other matters, as set forth in Note 4, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern"

Yours faithfully



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

About MCS Services

MCS Services provides, through its Highways Traffic Pty Ltd subsidiary, traffic management services (including manpower and mobile assets) primarily to major highway construction projects in Western Australia.

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

Forward-Looking Statements

This document includes forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning MCS Services Limited's planned activities, operations, expectations and other statements that are not historical facts. When used in this announcement, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and any other similar expressions are forward-looking statements. Although MCS Services Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. All figures presented in this document are unaudited and this document does not contain any forecasts of profitability or loss.



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Interim Consolidated Financial Statements

For the half-year ended 31 December 2024

Registered Office & Principal Place of Business	6, South Street, Fremantle, WA, 6160	Ph: (08) 9301 2420
Postal Address	6, South Street, Fremantle, WA	
Company website	www.mcsservices.com.au	
Share Registry	Automic Registry Services, Level 5, 191 St George's Terrace, Perth, WA, 6000	www.automic.com.au (08) 9 324 2099 1300 288 664 (61) 2 9698 5414
Securities Exchange	Australian Securities Exchange	Ticker 'MSG'
Investor Queries	investors@mcsservices.com.au	
Bankers	National Australia Bank, 100 St Georges Terrace, Perth, WA, 6000	
Legal	Verus Workplace Law, 63A Beamish Avenue, Brentwood, WA, 6153	HWL Ebsworth, Level 20 240 St Georges Terrace, WA, 6000
Auditors	Stantons International Audit & Consulting Pty Ltd, Level 2, 40 Kings Park Road, West Perth, WA, 6005	
Board of Directors	The Hon Robert Charles Kucera	Non-Executive Chairman
	APM JP	
	Mr Paul Simmons	Non-Executive Director
	Mr Geoff Martin	Non-Executive Director
Company Secretary	Mr Jonathan Asquith	

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Your directors present their report, together with the financial report on MCS Services Limited (Company) and its subsidiaries ("the Group" or "Consolidated Entity") for the half-year ended 31 December 2024 ("Period" or "half-year").

Directors

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

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

Company Secretary

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

Operating Results

The Group recorded:

- loss before interest, tax, depreciation and amortisation (EBITDA) of \$499,825 (loss of \$1,299,804 in the prior corresponding period) before significant items;
- a net loss after tax of \$786,835 (net loss after tax of \$3,432,597 in the prior corresponding period);

Operational Overview

The Group specialises the traffic management sector in Western Australia.

During the Period the Company:

- Applied a payrise to all Traffic Controllers effective 1 July 2024 having regard to the relevant Award rates; and to a mandated Main Roads WA requirement on the WA traffic sector overall to increase payrates.
- In accordance with client contracts and also a Main Roads WA mandate to accommodate increased payrates across the sector, client charge rates were increased effective July 2024
- added a number of smaller contracts in the Traffic business;
- Received a preliminary non-binding indicative proposal for the sale of the Traffic management business. The proposal is subject to further review, due diligence, approvals and other factors. As such the Board cannot confirm if the proposal will proceed.

Corporate Overview

During the Period:

- pursued a Reverse Takeover opportunity, until the 3rd party's exclusivity period expired without completion in December 2024
- the Board considered opportunities to retain shareholder value
- accepted the resignation of Paul Simmons from his position as CEO of the Group. Mr. Simmons remains a non-executive director

Significant Events

The Main Roads Department of Western Australia mandated effective July 2024 a sector-wide payrise to all Traffic Controllers working on their projects across the State, and provided for MRWA or their main contractors to provide an appropriate uplift to rates changeable by Traffic Contractors. This caused an appropriate uplift on the Group's revenue and payroll costs but also a one-off uplift in carried forward leave balances of some \$100,000.

Directors' Report



Capital

During the Period the following shares and options were issued, bought back or expired.

	31 Dec 2024 Number	31 Dec 2023 Number
Ordinary shares: Movement in Period:		
Exercise of options	-	-
Exercise of Performance Rights	-	-
Share buyback	-	(318,287)
	-	(318,287)
Unlisted options: Movement in Period:		
Issued	-	-
Exercised	-	-
Expired	-	-
	-	-
Performance Rights: Movement in Period:		
Exercised	-	-
Issued	-	(4,296,923)
	-	(4,296,923)

During the Period the Company announced in November 2024 its intention to continue over the following 12 months with its on-market share buyback for up to 10 per cent of its issued share capital.

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

	Number
Ordinary Shares	198,099,652
Unlisted Options	12,000,000
Performance Rights & Premium Priced Options	-

Signed in accordance with a resolution of the directors

The Hon RC (Bob) Kucera APM JP
Non-Executive Chairman
Dated this 27th day of March 2025



PO Box 1908
West Perth WA 6872
Australia
Level 2, 40 Kings Park Road
West Perth WA 6005
Australia
Tel: +61 8 9481 3188
Fax: +61 8 9321 1204
ABN: 84 144 581 519
www.stantons.com.au

27 March 2025

Board of Directors
MCS Services Limited
6 South Street
FREMANTLE W 6160

Dear Sirs

RE: MCS SERVICES LIMITED

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

As Audit Director for the review of the financial statements of MCS Services Limited for the half-year ended 31 December 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

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

Waseem Akhtar
Director



Consolidated Statement of Financial Position as at 31 December 2024



	Note	31 Dec 2024 \$	30 June 2024 \$
Assets			
Current Assets			
Cash and cash equivalents		279,404	711,113
Trade and other receivables		38,785	-
Assets Held for sale - Highways Traffic	9	4,521,536	3,978,425
Total Current Assets		4,839,725	4,689,538
Non-Current Assets'			
Plant and equipment		1,204	1,383
Intangibles - Goodwill		-	242,000
Total Non-Current Assets		1,204	243,383
Total Assets		4,840,929	4,932,921

(Continued overleaf)

Consolidated Statement of Financial Position as at 31 December 2024



	Note	31 Dec 2024 \$	30 June 2024 \$
Current Liabilities			
Trade and other payables		(1,099,636)	(1,156,612)
Employee leave entitlements		(11,866)	(96,728)
Income Tax		121,975	60,033
Liabilities Held for Sale	9	(3,110,210)	(2,211,587)
Total Current Liabilities		(4,099,737)	(3,404,894)
Non-Current Liabilities			
Total Non-Current Liabilities		-	-
Total Liabilities		(4,099,737)	(3,404,894)
Net Assets		741,192	1,528,027
Equity			
Issued capital	5	18,393,658	18,393,658
Share option & Performance Right reserve	5	384,134	384,134
Accumulated losses		(20,657,618)	(19,870,783)
Profit reserve		2,621,018	2,621,018
Total Equity		741,192	1,528,027

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Half Year Ended 31 December 2024



	Note	31 Dec 2024 \$	31 Dec 2023 \$
Continuing Operations			
Revenue		-	-
Cost of sales, incl operational staff expenses		-	-
Gross profit		-	-
Other income		2,327	-
Employee expenses and benefits (non-operational staff)		(140,605)	(4,950)
Directors fees and remuneration		(55,000)	(69,583)
Impairment of goodwill		(242,000)	
Insurance		(14,528)	-
Other expenses		(127,984)	(176,076)
		(580,117)	(250,609)
		(577,790)	(250,609)
Finance expenses		-	(41,417)
Depreciation of Plant & Equipment		(179)	-
Depreciation of Right of Use Asset		-	-
		(179)	(41,417)

(Continued overleaf)

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Half Year Ended 31 December 2024



	Note	31 Dec 2024 \$	31 Dec 2023 \$
Profit / (loss) before tax		(577,969)	(292,026)
Income tax benefit / (expense)		-	16,883
Profit / (loss) for the period attributable to members of MCS Services Limited		(577,969)	(275,143)
Discontinuing Operations			
Loss from discontinuing operations		(208,866)	(3,157,454)
Profit/(loss) for the period attributable to members of MCS Services Limited		(786,835)	(3,432,597)
Other Comprehensive Income		-	-
Total Comprehensive Profit/(Loss) for the Period attributable to members of MCS Services Limited		(786,835)	(3,432,597)
Earnings per share		Cents	Cents
Basic and diluted profit (loss) per share from continuing operations	6	(0.29)	(0.14)
Basic and diluted profit (loss) per share from discontinuing operations	6	(0.11)	(1.59)

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

Consolidated Statement of Change in Equity for the Half Year Ended 31 December 2024



	Profit Reserve \$	Ordinary shares \$	Share option Reserve \$	Accumulate losses \$	Total \$
Balance 30 June 2023	2,621,018	18,400,026	384,134	(19,058,027)	2,347,151
Loss for the period	-	-	-	(3,432,597)	(3,432,597)
Total comprehensive income	-	-	-	(3,432,597)	(3,432,597)
Share buyback		(6,365)		-	(6,365)
Balance 31 December 2023	2,621,018	18,393,661	384,134	(22,490,624)	(1,091,811)

	Profit Reserve \$	Ordinary shares \$	Share option Reserve \$	Accumulate losses \$	Total \$
Balance 30 June 2024	2,621,018	18,393,658	384,134	(19,870,783)	1,528,027
Loss for the Period	-	-	-	(786,835)	(786,835)
Total comprehensive income	-	-	-	(786,835)	(786,835)
Issue of Performance Rights and Options	-	-	-	-	-
Issue of Shares on acquisition	-	-	-	-	-
Exercise of Options	-	-	-	-	-
Exercise of Performance Rights	-	-	-	-	-
Balance 31 December 2024	2,621,018	18,393,658	384,134	(20,657,618)	741,192

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

Consolidated Statement of Cashflows for the Half Year Ended 31 December 2024



		31 Dec 2024 \$	31 Dec 2023 \$
Cash flows from operating activities			
Receipts from customers		7,998,697	21,290,050
Payment to employee, suppliers and directors		(8,078,663)	(20,776,330)
Income tax paid		-	(76,391)
Net cash (used in)/from operating activities		(79,966)	437,329
Cash flows from investing activities			
Interest received		2,327	10,038
Interest paid		(51,358)	(115,672)
Payment for security for bank guarantees		-	200,000
Payment for fixed assets		(1,496)	(413,986)
Receipt/proceed re settlement of Traffic business		151,553	-
Proceeds on sale of fixed assets		-	31,400
Net cash from/(used in) investing activities		101,026	(288,220)
Cash flows from financing activities			
Proceeds from exercise of options		-	-
Buyback of Shares		-	(6,365)
Bank loan		-	175,795
Invoice Financing		-	(948,189)
Vehicle Finance		(62,062)	-
AASB 16 Office Lease		-	(22,083)
Vehicle leases		-	(15,002)
Net cash used in financing activities		(62,062)	(815,844)
Net (decrease) in cash and cash equivalents		(41,002)	(666,735)
Cash and cash equivalents at the beginning of the financial period		949,687	1,846,933
Cash and cash equivalents at the end of the financial period		908,685	1,180,198

The above cash at end of the Period excludes \$20,000 (\$20,000 at 31 Dec 2023) cash held by the Company's bank as security for guarantees provided to the landlord included in assets held for sale. (Note 9)

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

Condensed Notes to the Consolidated Financial Statements for the Half Year Ended 31 December 2024



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

1. General information and basis of preparation

These condensed interim consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2024 and are presented in Australian dollars (\$), which is the functional currency of the Group.

These general purpose interim financial statements have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards Board (AASB) 134.: Interim Financial Reporting. They do not include all of the information required in the annual financial statements in accordance with International Financial Reporting Standards (IFRS), and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2024 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements under the Australian Securities Exchange (ASX) Listing Rules and *Corporations Act 2001*.

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

The interim financial report covers MCS Services Limited (Company) and its 100% subsidiary (since 17 October 2022), Highways Traffic Pty Ltd (collectively, Group).

MCS Services Limited is a public company, incorporated and domiciled in Australia. The registered office is 6 South Street, Fremantle, WA. The Company was incorporated on 11 May 2006.

The interim financial statements for the half-year ended 31 December 2024 (including the comparatives) were approved by the board of directors on 27th March 2025.

2. Summary of significant accounting policies

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

The Company has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period. Adoption of the new amended Accounting Standards and Interpretations has not resulted in a significant or material change to the Group's accounting policies. Any new and revised Accounting Standards that are not mandatory have not been early-adopted.

Discontinuing Operations

Non-current Assets Held for Sale and Discontinued Operations

Non-current assets and disposal groups are classified as held for sale and generally measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale from the time that the decision is taken.

Classification as "held for sale" occurs when: management has committed to a plan for immediate sale; the sale is expected to occur within one year from the date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

Condensed Notes to the Consolidated Financial Statements for the Half Year Ended 31 December 2024



A discontinued operation is a component of an entity, being a cash-generating unit (or a group of cash-generating units), that either has been disposed of, or is classified as held for sale, and: represents a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with the view to resale.

Impairment losses are recognised for any initial or subsequent write-down of an asset (or disposal group) classified as held for sale to fair value less costs to sell. Any reversal of impairment recognised on classifications as held for sale or prior to such classifications is recognised as gain in profit or loss in the period in which it occurs.

3. Judgements, Estimates and Assumptions

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2024.

4. Going Concern

As at 31 December 2024 the Consolidated entity had:

- recorded a loss after tax for the Period of \$786,835
- a Cash balance of \$908,685, including cash held for sale of \$629,281
- a working capital deficiency of \$739,988 and
- net assets of \$741,192

As noted in Note 9, the Company has received a preliminary non-binding indicative proposal for the sale of the Traffic management business. The proposal is subject to further review, due diligence, approvals and other factors. As such the Board cannot confirm if the proposal will proceed.

Should the Group not achieve sale of business, additional funding will be required. Therefore there is uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

No adjustments have been made in this report with regard to the recoverability or classification of recorded asset amounts or to the amounts on classification of liabilities that might be necessary should the group not be able to continue as a going concern.

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

Condensed Notes to the Consolidated Financial Statements for the Half Year Ended 31 December 2024



5. Issued capital

		Half Year Ended 31 December 2024 \$	Year Ended 30 June 2024 \$
Ordinary Shares (\$)			
At the beginning of the Period		18,393,658	18,400,024
Options exercised		-	-
Performance Rights exercised		-	-
Share buyback		-	(6,366)
At the end of the Period		18,393,658	18,393,658
Ordinary Shares (Number)			
At the beginning of the Period		198,099,652	198,417,939
Options exercised		-	-
Performance Rights exercised		-	-
Share buyback		-	(318,287)
Acquisition of Highway Traffic		-	-
At the end of the Period		198,099,652	198,099,652

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

Condensed Notes to the Consolidated Financial Statements for the Half Year Ended 31 December 2024



	31 December 2024	30 June 2024
Share Option & Performance Right Reserve (\$)		
At the beginning of the Period	384,134	384,134
Issued	-	-
Exercised	-	-
At the end of the Period	384,134	384,134
Share Option (Number)		
At the beginning of the Period	12,000,000	14,301,923
Issued	-	-
Exercised	-	-
Expired	-	(2,301,923)
At the end of the Period	12,000,000	12,000,000
Performance Rights (Number)		
At the beginning of the Period	-	1,995,000
Issued	-	-
Exercised	-	-
Expired	-	(1,995,000)
At the end of the Period	-	-

During the half-year ended 31 December 2024, no options or performance rights have lapsed, expensed or exercised.

Condensed Notes to the Consolidated Financial Statements for the Half Year Ended 31 December 2024



6. Earnings per share

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

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

	31 December 2024 No.	31 December 2023 No.
Weighted average number of shares: basic	198,099,652	198,200,530
Weighted average number of shares: dilutive	198,099,652	198,200,530

7. Events subsequent to balance date

Except for the issues disclosed at Note 4, there has not been any matter or circumstances occurring subsequent to the end of the Period that has significantly affected or may significantly affect the operations of the Company, the results of operations or the state of affairs of the Company in future financial periods except

- the Company retrenched the position of CFO effective January 2025;
- held preliminary discussions with further parties considering a Reverse Takeover or similar with the Company
- held further discussions with a party considering purchasing the Traffic Business.

8. Segmental information

Information reported to the chief operating decision maker for the purposes of resource allocation, and assessment of segment performance focuses on operating sector. The Group's reportable segments under AASB 8 are as follows. There were no material -segment revenues and expenses.

31 Dec 2023	Security \$	Traffic \$	Corporate \$	Total \$
Revenue	15,293,771	4,277,678	-	19,571,449
Gross Profit	1,440,106	503,678	-	1,943,784
Other Income	10,838	-	-	10,838
Other Overheads	(2,156,694)	(847,123)	(250,609)	(3,254,426)
Depreciation	(122,874)	(234,416)	-	(357,290)
Finance Expenses	(47,439)	(26,817)	(41,417)	(115,673)
Significant Item; Impairment Goodwill	-	(1,676,713)	-	(1,676,713)
Profit/(loss) before tax	(876,063)	(2,281,391)	(292,026)	(3,449,480)
Total Assets	5,801,642	3,873,844	257,090	9,932,576
Total Liabilities	(7,219,326)	(2,472,561)	(1,332,500)	(11,024,387)

Condensed Notes to the Consolidated Financial Statements for the Half Year Ended 31 December 2024



31 Dec 2024	Security \$	Traffic \$	Corporate \$	Total \$
Revenue	-	7,382,948	-	7,382,948
Gross Profit	-	957,968	-	957,968
Other Income	-	-	2,327	2,327
Other Overheads	-	(880,003)	(338,117)	(1,218,120)
Depreciation	-	(235,473)	(179)	(235,652)
Impairment	-	-	(242,000)	(242,000)
Finance Expenses	-	(51,358)	-	(51,358)
Profit/(loss) before tax	-	(208,866)	(577,969)	(786,835)
Total Assets	-	4,521,536	319,393	4,840,929
Total Liabilities	-	(3,110,210)	(989,527)	(4,099,737)

9. Discontinuing operations/Assets and Liabilities held for sale

The Company has received a preliminary non-binding indicative proposal for the sale of the Traffic management business. Management are of the view that a sale may be in the best interest of the Company and therefore the assets and liabilities of the Traffic Business remain classified as Held for Sale at the reporting date.

In the period to 31 December 2023 both the security business (sold June 2024) and the Traffic Business were classified as Discontinuing Operations.

Financial information relating to the Discontinuing Operations for the period is set out below.

Condensed Notes to the Consolidated Financial Statements for the Half Year Ended 31 December 2024



	31 December 2024 \$	31 December 2023 \$
Discontinuing Operations		
Revenue	7,382,948	19,571,449
Cost of Sales	(6,424,980)	(17,627,665)
Gross Profit	957,968	1,943,784
Other income	-	10,838
Employee expenses and benefits (non-operational staff)	(398,970)	(1,505,028)
Directors fees and remunerations	-	-
Insurance	(262,338)	(748,383)
Other expenses	(218,695)	(750,406)
	(880,003)	(2,992,979)
	77,965	(1,049,195)
Significant items		
Impairment of Goodwill	-	(1,676,713)
	-	(1,676,713)
	77,965	(2,725,908)
Finance Expenses	(51,358)	(74,256)
Depreciation of Plant & Equipment	(235,473)	(320,533)
Depreciation of Right of Use Asset	-	(36,757)
	(286,831)	(431,546)
Loss from discontinuing operations before tax	(208,866)	(3,157,454)

Non-Current Assets and Liabilities Held for Sale

The Board has committed to pursuing a sale of the Traffic management businesses at the reporting date. The assets and liabilities of the discontinuing operations are as per the segment note (Note 8).

As at 31 December 2024, and to the date of this Report, the company has made its Traffic Business subsidiary Highways Traffic Pty Ltd available for sale. Discussions with a number of parties are in progress but at a preliminary stage only.

The assets and liabilities of the Traffic Business as at 31 December 2024 are disclosed in the Consolidated Statement of Financial Position as current assets and liabilities as follows.

Condensed Notes to the Consolidated Financial Statements for the Half Year Ended 31 December 2024



	31 December 2024 \$	30 June 2024 \$
Cash and Cash Equivalents	629,281	238,581
Trade and Other Receivables	2,865,620	2,479,432
Restricted Cash	20,000	20,000
Plant and Equipment	1,006,635	1,240,412
Assets Available For Sale	4,521,536	3,978,425
Trade & Other payables	(1,981,624)	(1,184,079)
Asset Finance loan - Vehicles	(447,100)	(509,263)
Provisions - Leave	(681,486)	(518,245)
Liabilities Available for Sale	(3,110,210)	(2,211,587)
	1,411,326	1,766,838

Directors' Declaration



The directors of the Company declare that:

1. In the opinion of the Directors of MCS Services Limited (the "Company"):
 - (a) The condensed financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance, for the half-year ended on that date, and
 - (ii) Complying with Australian Accounting Standards AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*;
 - (b) Subject to the matters disclosed in Note 4, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
2. The directors have been given the declarations required by section 295(5)(a) of the *Corporations Act 2001* from the Managing Director for the half-year ended 31 December 2024.

Signed in accordance with a resolution of the Directors.

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

Dated this 27th day of March 2025

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
MCS SERVICES LIMITED****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the half-year financial report of MCS Services Limited ("the Company") and its subsidiaries (collectively, "the Group"), which comprises the consolidated statement of financial position as at 31 December 2024, 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 half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that causes us to believe that the accompanying half-year financial report of MCS Services Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of MCS Services Limited's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 27 March 2025.

Material Uncertainty Relating to Going Concern

We draw attention to Note 4 of half-year financial report, which indicates that the Group incurred a loss after tax of \$786,835 for the half-year ended 31 December 2024, had working capital deficiency of \$739,988, and net assets of \$741,192. The Group had cash and cash equivalents of \$908,685. As stated in Note 4, the events or conditions, along with other matters, as set fourth in Note 4, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of MCS Services Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Stantons International Audit & Consulting Pty Ltd
Waseem Akhtar

Waseem Akhtar
Director

West Perth, Western Australia
27 March 2025