MCS Services Ltd

ABN: 66 119 641 986

Annual Report

For the year ended 30 June 2025

Corporate Directory

MCS Services Limited - ABN 66 119 641 986

Registered Office & Principal Place of Business	Suite 3, Level 1, 17 Ord Street, West Perth, WA, 6005	Ph: (08) 9 389 2111 Fax: (08) 9 389 2199
Postal Address	Suite 3, Level 1, 17 Ord Street, West Perth, WA, 6005	
Company website	www.mcsservices.com.au	
Share Registry	Automic Registry Services, Level 5, 191 St Georges 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, 197 St Georges Terrace, Perth, WA, 6000	
Legal	Ashurst Australia Level 10, 123 St Georges Terrace, Perth, WA, 6000	Steinpreis Paganin Level 14, 250 St Georges Terrace WA, 6000 Verus Workplace Law, 63A Beamish Avenue, Brentwood, WA, 6153
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 APM JP Mr Paul Simmons Mr Geoff Martin	Non-Executive Chairman Non-Executive Director Non-Executive Director
Company Secretary	Mr Dennis Wilkins, DW Corporate	

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Highlights

During the Reporting Period the Group:

Corporate

- Undertook preliminary non-binding discussions with parties interested in acquiring the Traffic Business **(Note 31)**

Operational - Traffic Management

- identified opportunities for efficiencies including in insurance costs and a gradual renewal of the operational vehicle fleet;
- increased gross profit margin to 20.3% (2024:17.3%);
- saw a profitable result for the financial year ($0.42m net profit before tax, 2024 $0.505m deficit) from its Traffic Business subsidiary **(Note 4)**

Financial

- recorded an operating EBITDA surplus of $0.42 million (2024: $1.24million EBITDA deficit) before Significant Items, and
- recorded an underlying net operating loss after tax of $0.4 million (2024: $0.8m deficit).

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Chairman's Report

On behalf of the Board of MCS Services Limited ("the Company") we present the Annual Report for the Company and related entity (collectively, "the Group") covering the financial performance, position and activities for the 12 months ended 30 June 2025 ("Financial Year").

Operational

(a) Strategy

During the Reporting Period the Group continued to execute on its strategic plan for the Traffic Business including:

- Maintaining a high level of clients;
- Tendering for further opportunities.

During the Reporting Period the Traffic Business:

- focused on servicing major highway infrastructure construction projects in Perth and regional WA.
- identified opportunities for improved efficiencies and effectiveness, including in insurance costs and a gradual renewal of the Traffic Business' operational vehicle fleet
- reported Traffic Business revenue of $14.6m (2024: 10.7m), an improved Gross Profit margin of 20.3% (2024: 17.3%) and a net profit before tax of $0.42m (2024: $0.505m deficit) for the Traffic Business subsidiary **(Note 4)**

(b) Management and Administration

Subsequent to the resignation of Paul Simmons as CEO in June 2024, the CEO role was not replaced. Mr Simmons continues as a non-executive Director.

During the Reporting Period the position of Chief Financial Officer was retrenched. Subsequent accounting support was provided on a hourly-charged contract basis.

Corporate

There was no change to the Board of Directors during the Reporting Period.

The Company is currently in preliminary non-binding discussions with parties who have expressed an interest in acquiring the Traffic Business **(Note 31).**

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

Directors' Report

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 Entity (collectively, the Group), for the year ended 30 June 2025.

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 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 a 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:
Chair and Director of National Trust of Western Australia
Chair, Combat Sports Commission of Western Australia

Previous Directorships (last 3 years): Deputy Chair of Acacia Living Group, Deputy Chair Basketball Western Australia

Interests in shares of the Company: 512,909

Interests in options of the Company: 3,000,000

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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 served for seven 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
Interest in shares of the Company:	860,000
Interest in options of the Company:	3,000,000

Mr Paul Robert Simmons, Director
Managing Director : 1 July 2019 until 19 June 2024, Non Executive Director: 19 June 2024 onwards

Paul brings a wealth of experience 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 and Managing Director until the sale of that Security Business subsidiary effective 19 June 2024. Paul continues as Non Executive Director of the Company, and continues to hold some 19% of the shares in MCS Services Ltd.

Other current directorships:	None
Previous Directorships (last 3 years)	None
Interests in shares of the Company:	38,046,812
Interests in options of the Company:	Nil
Performance Rights:	Nil

Company Secretary, Jonathan Asquith
Appointed 31 January 2017, until May 2025

Mr Asquith was the Company Secretary during the Reporting Period until May 2025. Mr Asquith was a Chartered Accountant with a Masters of Business Administration and over 30 years' corporate experience in Australia and overseas. He previously held the office of Company Secretary for several ASX listed entities.

Company Secretary, Dennis Wilkins
Appointed 6 June 2025
Mr Wilkins is the founder and principal of DW Corporate, a corporate advisory firm that has been providing corporate governance services for over 20 years.

Directors' Report

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Principal Activities

During the Reporting Period the Company specialised in Traffic Management through its 100% owned subsidiary, Highways Traffic Pty Ltd ("Highways"). Highways services major road infrastructure projects in the Perth metropolitan area and regional WA.

During the previous reporting period, until the sale of its Security Business, MCS Security Group Pty Ltd, effective 19 June 2024 the Group had also specialised in providing uniformed security at retail shopping centres, government offices, health facilities, commercial office properties, sports stadia and major events throughout the Perth metropolitan area and in regional Western Australia.

Review of Operations and Financial Results

The Group had focused on:

- meeting existing client needs;
- leveraging its traffic management experience into organic growth in new geographies and sectors;
- expanding further into regional WA.

Operating Results

The statutory net loss after tax attributable to members of the Company for the Reporting Period of $0.4 million (2024: $0.81 million loss) included:

- a $0.42 million operating profit from the Traffic Business subsidiary;
- an underlying operating loss after tax for the Group before significant items of $0.15 million (2024: $2.1 million loss)
- individually significant items of $0.24m, being an expensing of the remaining Traffic Business Contracts Acquired (2024 $1.35 million gain, including $1.67m expensing of Traffic Business contracts acquired and a $3m accounting gain on sale of the Security Business)

Significant Changes in State of Affairs

During the previous reporting period the Company sold the MCS Security Group subsidiary ("Security Business") in June 2024**.**

Dividends

The Board has elected not to pay a dividend for the current year. The Company will be deploying available funds to efficiently manage its capital structure.

Events Arising since the End of the Reporting Period

Refer to **Note 31** in relation to the currently non-binding progress in seeking to sell the Traffic Business.

Directors' Report

Except for the matters at **Note 31** there are no 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

Management are continually considering ways to more efficiently and effectively operate the Traffic Business, whilst also making it available for sale.

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
Geoffrey Martin	5	5
Paul Simmons	5	5

As discussed in the Remuneration Report and in the Company's Corporate Governance statement (available on the Company's website www.mcsservices.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 2025 the Company had 198,099,652 (30 June 2024: 198,099,652) ordinary shares on issue.

Unissued Shares Under Option

During the 2023 reporting period 3m unquoted 6 cent November 2025 options were issued to each of the three non executive directors and to the Company Secretary as incentives. None have been exercised or lapsed during the Reporting Period or to the date of this Report. None of the unquoted options entitle the holder to participate in any share issue of the Company.

Further, during the 2023 reporting period 2,301,903 Long Term Premium Priced Options were issued to the then CEO/Managing Director, Mr Paul Simmons, as an incentive. These lapsed unexercised during the 2024 previous reporting period.

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Unquoted 6 cent November 2025 Options granted November 2022, $nil consideration:		
	Number 2025	**Number 2024**
Opening Balance 1 July	12,000,000	14,301,923
Granted during the year	-	-
Lapsed in Period	**12,000,000**	**14,301,923**
	-	(2,301,923)
Closing Balance 30 June	**12,000,000**	**12,000,000**

Directors' Report

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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 Robert Kucera, Chair and non-executive Director;
- Mr Geoffrey Martin, non-executive Director
- Mr Paul Simmons as Chief Executive Officer (CEO) and Managing Director of the Company until 19 June 2024, now a non-executive Director
- Mr Mark Englebert as Chief Financial Officer (CFO) until January 2025,
- Mr Jonathan Asquith (until May 2025), Company Secretary,
- Mr Dennis Wilkins, (from June 2025) 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 (in conjunction with an external Remuneration Consultant when considered necessary by the Board) 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 (such as cash bonuses);
- Long-term incentives, incl Performance Rights and Options (**Note 18).**

The full Board of Directors assess the appropriateness of the nature and amount of fixed 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 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 STI 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).

In respect of the Group's long-term Performance Rights incentives:

- the Board, in conjunction with an external Remuneration Consultant, developed a Performance Rights Scheme for the CEO in the 2023 reporting period; which included issuing 1,995,000 performance rights and 2,301,923 long term premium priced options to the then CEO/Managing Director, Paul Simmons in that 2023 reporting period. As the performance measures were not achieved, the Performance Rights and Premium Priced option lapsed unvested during the 2024 reporting period (**Note 18**)
- the value to holders of 12 million 6 cent November 2025 Options (as issued to Board members and key management personnel during the 2023 reporting period) is dependent on an increase in the Company share price **(Note 18).**

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

2. Consequences of performance on shareholder wealth

Item	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**
EPS (cents)	(0.200)	(0.409)	(0.961)	0.569	0.835	0.169	(0.090)
Dividends (cents per share)	-	-	-	-	-	-	-
Profit / (loss) ($'000)	(395)	(811)	(1,879)	1,066	1,555	316	(171)
Share Price at 30 June (cents)	0.5	0.4	2.6	4.1	6.0	2.6	1.4

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 Reporting Period or up to the Reporting Date.

4. Bonuses included in remuneration

During the Reporting Period $nil bonuses ($nil: 2024) accrued to or were paid to Key Management Personnel as part of remuneration.

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 CFO's salary accrued superannuation at 11.5% in the Reporting Period;
- Term of Agreement: All Directors and the Company Secretary role are engaged on an ongoing basis, as was the CFO;
- Notice Period: The CFO had a one month notice period.

The remuneration is set out overleaf:

Remuneration	**2025**				**2024**			
	Salaries / Fees $	**SBP $**	**Total $**	**SBP as % of total**	**Salaries / Fees $**	**SBP $**	**Total $**	**SBP as % of total**
Non-Executive Directors								
Bob Kucera[4]	40,000	-	40,000	-	40,000	-	40,000	-
Matthew Ward [2]	-	-	-	-	11,667	-	11,667	-
Geoffrey Martin[4]	35,000	-	35,000	-	35,000	-	35,000	-
Paul Simmons[1,4]	35,000	-	35,000	-	-	-	-	-
Adam Goulding[3]	-	-	-	-	17,502	-	17,502	-
Sub total	**110,000**	**-**	**110,000**	**-**	**104,169**		**104,169**	**-**
Executive Directors								
Paul Simmons, CEO[1]	-	-	-	**-**	210,000	-	210,000	
	-	-	-	-	35,000	-	35,000	
Superannuation	-	-	-	-	23,100	-	23,100	
Sub total	**-**	**-**	**-**	**-**	**268,100**	**-**	**268,100**	**-**
Other Key Management Personnel								
Mark Englebert, CFO[5]	107,653	-	107,653	**-**	200,000	-	200,000	-
Superannuation	12,899	-	12,899	-	22,000	-	22,000	-
Sub total	**120,552**		**120,552**	**-**	**222,000**	**-**	**222,000**	**-**
Company Secretary								
Jonathan Asquith[4,6]	23,333	-	23,333	-	35,000	-	35,000	-
Dennis Wilkins[6]	-	-	-	-	-	-	-	-
Sub total	**23,333**	**-**	**23,333**	-	**35,000**	**-**	**35,000**	-
TOTAL	**253,885**	**-**	**253,885**	**-**	**629,269**	**-**	**629,269**	**-**

1 In addition to his salary of $210,000 in the 2024 reporting period as then CEO, Paul Simmons was entitled to a Directors Fee of $35,000 as then Managing Director. Subsequent to 19 June 2024 (the date when Paul Simmons transitioned to Non-Executive Director), Mr Simmons was entitled to a Director fee of $35,000 pa.

2 Mr Matthew Ward was a director in the previous 2024 reporting period until his resignation effective 31 October 2023.

3 Mr Adam Goulding was a director from 30 November 2023 until his resignation effective 29 May 2024

4 Director fees for Mr Kucera, Martin and Simmons from 1 July 2024 , and Company Secretary fees for Mr Asquith from 1 July 2024 have been accrued as a liability of the Company but the parties have agreed to defer payment until a period after the end of the Reporting Period

5 The role of CFO was retrenched effective 4 January 2025. The above Table reflects salary to that date but excludes retrenchment costs and excludes subsequent accounting services provided on a contract basis.

6 Mr Asquith was no longer Company Secretary in May 2025, and Mr Wilkins commenced in the role in June 2025.

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Details of Remuneration including Service Agreements (continued)

In addition to fixed remuneration (salaries / fees):

- in a previous reporting period. 1,995,000 performance rights, and 2,301,923 premium priced options were granted to Paul Simmons the then CEO and Managing Director. No expense was recognised in that previous reporting period as the Board determined that the performance milestones were unlikely to be achieved. These were considered expired during the previous reporting period;
- cash bonuses may be granted at the discretion of the Board. During the Reporting Period no bonuses were paid to the CEO (2024: $nil) or the CFO (2024: $nil);
- the Directors and Key Management Personnel may be also reimbursed for business-related expenses.

6. Other Information

Shares held by Key Management Personnel

The number of ordinary shares held in the Company during the 2025 Reporting Period by each of the Key Management Personnel of the Group, including their related parties, are set out below:

	Start of the Reporting period	Movement	Resignation, Retirement, Retrenchment	End of the Reporting Period
Directors				
Bob Kucera, Chairman	512,909	-	-	512,909
Geoffrey Martin	860,000	-	-	860,000
Paul Simmons	38,046,812	-	-	38,046,812
Other Key Management Personnel				
Mark Englebert, former CFO	1,800,000	-	(1,800,000)	-
Company Secretary				
Jonathan Asquith (former)	418,181	-	(418,181)	-
Dennis Wilkins (current)	-	-	-	-
TOTAL	**41,637,902**	**-**	**(2,218,181)**	**39,419,721**

Director and other Key Management Personnel 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.

Directors’ Report

Remuneration Report (Audited)

6. Other Information (continued)

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

Unlisted 6 cent November 2025 Options granted on 30 Nov 2022, $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	42,709	-	-	-	-	3,000,000
Matthew Ward (Former Director)	3,000,000	42,709	-	-	-	-	3,000,000
Geoffrey Martin (Director)	3,000,000	42,709	-	-	-	-	3,000,000
	9,000,000	**128,127**	**-**	**-**	**-**	-	**9,000,000**
Jonathan Asquith (former Co Sec)	3,000,000	42,709	-	-	-	-	3,000,000
	3,000,000	**42,709**	**-**	**-**	**-**	-	**3,000,000**
Total	**12,000,000**	**170,836**				-	**12,000,000**

Unlisted 6 cent November 2025 Options:	
Exercise Price	6 cents, being a premium to the Company’s share price at the time of issue
Expiry Date	On or before 30 November 2025
Issue Price	$nil

The issue of the above 9 million Options to Directors was approved by Shareholders at the Annual General Meeting on 30 November 2022. The Options were issued as a cost effective incentive to attract and retain Directors and Senior Management of their particular skills and experience and form part of a reasonable and appropriate remuneration package.

6. Other Information (continued)

The options vested immediately on being granted in November 2022, and their fair value was calculated at $170,836 at the grant date using the Black Scholes model. The fair value of the options was expensed in full in the FY2023 reporting period. All of the above Options were unlisted.

Performance Rights held by Directors and Key Management Personnel

During the year ended 30 June 2025, there were no performance rights held by directors and key management personnel.

The above valuations of the Unlisted Options and Performance Rights were recorded where applicable in the Share Option Reserve **(Note 18)** in the relevant reporting periods.

When Performance Rights vested and converted into the equivalent number of ordinary shares in the Company the applicable value was transferred from the Share Option Performance Right Reserve into Share Capital (**Note 18**)

Except for the above, no other Options or Performance Rights 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 2024 or 2025 reporting periods;
- were issued to the Directors or Key Management Personnel as part of their remuneration in the year ended 30 June 2024 or year ended 30 June 2025.

None of the above Options or remaining Performance Rights were exercised, lapsed or forfeited during the Reporting Period or until the date of this Report.

Director option and performance rights holdings are measured up until the date of their retirement / resignation.

Engagement of Remuneration Consultants

No Remuneration Consultants were engaged during the previous and current Reporting Periods.

Other Transactions with Key Management Personnel

Refer to **Note 22** regarding:

- the rental at commercial rates by the Group of its operational and corporate head office premises in Joondalup, Perth, WA from a related entity of its (now, former) CEO and continuing Director and significant shareholder, Paul Simmons, totalling $62,002 in the previous reporting period (until the sale of Security Business effective 19 June 2024) and $nil during the current Reporting Period.

• the use of a corporate travel agency owned by a relation of Mr Geoff Martin, a director of the Company, to arrange domestic flight and hotel bookings for the then Security Business subsidiary totalling $24,255 in the previous reporting period (until the sale of Security Business effective 19 June 2024) and $nil during the current Reporting Period.

The Board considered the services were provided at commercial rates.

END OF REMUNERATION REPORT

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Material Business Risks

Following the sale of the Group's Security Business in June 2024 the Group's principal activity is providing Traffic Management services. Companies in this industry are subject to many and varied kinds of risks.

While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practical. Following are the material business risks which the Company believes are the most important in the context of the Group's business.

Contractual risk

The Group's revenue is derived mainly from contractual arrangements with third parties. Consequently the Group is exposed to the possibilities of failures by the third parties to fulfill their contractual commitments or to seek to vary the terms of those commitments.

Credit risk

The Company is exposed to the creditworthiness of third parties, a failure of which could result in the non-payment of accounts receivable or delays in collections of accounts receivable.

Contracts duration

Many of the Traffic Business contracts of the Group are for relatively short periods and there can be no guarantees that contracts will be renewed or replaced on similar or more favourable terms.

Labour supply

The Group requires the use of skilled and semi-skilled labour to meet its Traffic Business contractual commitments. Whilst such labour is often the subject of employment contracts, the Group may be subject to pressures from shortages of available labour and increased costs of such labour.

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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 2025 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.mcsservices.com.au.

b) Current Position

The Group had an aggregate of three Directors, two Other Key Management Personnel and approximately 83 Traffic Business staff (2024: 82).

Of the above:

- 31 are female, including 15 (2024: 13) in supervisory or middle-management positions;
- 6 are of mature age, being at least 60 years old; and
- Some 23% 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 Traffic 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. There have been no breach of regulations in relation to any 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:

- 98% 'yes' votes on its Remuneration Report for the financial year ended 30 June 2024, and
- 95% 'yes' votes on its Remuneration Report for the financial year ended 30 June 2023

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

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 companies, 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. 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

No non-audit services were provided to the Company by Stantons, the Company auditors, during the Reporting Period.

In previous reporting periods where non-audit services had been provided, the Board considered the non-audit services provided and ensured it was satisfied that the provision was compatible with, and did not compromise, the auditor independence requirement of the Corporations Act 2001 for the following reasons:

- any non-audit services would be subject to the corporate governance procedures adopted by the Company and had been reviewed by the Board to ensure they did not impact upon the impartiality and objectivity of the auditor, and
- any non-audit services did 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, and its related practices for audit and non-audit services provided during the Reporting Period are set out in **Note 21** 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 24 of this financial report and forms part of this Directors' Report.

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 26 September 2025

Stantons

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26 September 2025

Board of Directors
MCS Services Limited
Suite 3, Level 1,
17 Ord Street, West Perth, WA, 6005

Dear Directors

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 2025, 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
(An Authorised Audit Company)

Waseem Akhtar

Waseem Akhtar
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 2025 is dated as at 30 June 2025 and was approved by the Board on 26 September 2025.

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

Company Website

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

Governance and Policy Reviews

The Corporate Governance policies and practices of the Company are reviewed annually in accordance with the 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

No Performance Evaluations for senior executives were undertaken in the Reporting Period or the previous reporting period.

Risk Management

The Board reviewed the risk management framework during the 2023 reporting period.

Board Structure

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2025

MCS

	Note	30 June 2025 $'000	30 June 2024 $'000
Revenue	5	-	-
Cost of Sales, incl. operational staff expenses	7	-	-
Gross Profit		**-**	**-**
Other Income			
Interest	5	3	4
		3	**4**
Overheads			
Overheads, administration and other expenses	6	(358)	(565)
Employee expenses and benefits (non-operational staff)	7	(216)	(15)
		(574)	**(580)**
		(571)	**(576)**
Finance expenses	8	-	(78)
Depreciation of property, plant and equipment	12	-	-
		-	**(78)**
		(571)	**(654)**
Significant Items			
Expensing of value of Traffic Business contracts acquired	14	(242)	(1,677)
Gain on Sale of Security Business	25	-	3,026
		(242)	1,349
Loss (profit) before tax		**(813)**	**695**
Income tax benefit	9	-	18
		(813)	**713**
Loss on Discontinued Security Business	4	-	(1,019)
Profit / (Loss) on Traffic Business Available for Sale	4	418	(505)
Total comprehensive loss for year		**(395)**	**(811)**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2025

	Note	30 June 2025 Cents	30 June 2024 Cents
Earnings per share			
Basic earnings per share from continuing operations	19	(0.41)	0.36
Basic earnings per share from discontinuing operations	19	0.21	(0.76)
		(0.20)	**(0.40)**
Diluted earnings per share from continuing operations	19	(0.41)	0.36
Diluted earnings per share from discontinuing operations	19	0.21	(0.76)
		(0.20)	**(0.40)**

	Note	30 June 2025 Number	30 June 2024 Number
Weighted average of ordinary shares outstanding: Basic	19	198,099,652	198,691,100
Weighted average of ordinary shares outstanding: Diluted	19	198,099,652	198,691,100

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

Consolidated Statement of Financial Position

As at 30 June 2025

Assets	Note	30 June 2025 $'000	30 June 2024 $'000
Current			
Cash and cash equivalents	10	94	711
Other receivables	11	9	-
Assets held for Sale	30	4,012	3,978
Total Current Assets		**4,115**	**4,689**
Non-Current			
Plant and Equipment	12	1	1
Intangibles	14	-	242
Total Non-Current Assets		**1**	**243**
Total Assets		**4,116**	**4,932**
Liabilities			
Current			
Income Tax	9	-	60
Trade and other payables	15	(1,126)	(1,156)
Provisions	16	-	(97)
Liabilities held for sale – Traffic Business		(1,857)	(2,211)
Total Current Liabilities		**(2,983)**	**(3,404)**
Non-Current			
Total Non-Current Liabilities		-	-
Total Liabilities		**(2,983)**	**(3,404)**
Net Assets		**1,133**	**1,528**

Equity			
Share Capital	18	18,394	18,394
Profit Reserve	18	2,621	2,621
Share Option/Performance Rights Reserve	18	384	384
Retained Earnings		(20,266)	(19,871)
Total Equity		**1,133**	**1,528**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2025

	Note	Share Capital $'000	Share Option Reserve $'000	Profit Reserve $'000	Retained Earnings $'000	Total $'000
Balance 30 June 2023		**18,400**	**384**	**2,621**	**(19,060)**	**2,345**
Loss for the year		-	-	-	(811)	(811)
Total Comprehensive Loss		-	-	-	(811)	(811)
Share Buyback	18	(6)	-	-	-	(6)
Balance 30 June 2024		**18,394**	**384**	**2,621**	**(19,871)**	**1,528**
Loss for the year		-	-	-	(395)	(395)
Total Comprehensive Loss		-	-	-	(395)	(395)
Balance 30 June 2025		**18,394**	**384**	**2,621**	**(20,266)**	**1,133**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2025

	Note	**30 June 2025** $'000	**30 June 2024** $'000
Cash flows from Operating activities			
Receipts from customers		16,651	43,254
Payments to employees, suppliers and directors		(14,726)	(41,430)
Payments for BAS		(1,209)	(1,756)
Income tax refunded / (paid)		41	(89)
Net cash from / (used in) operating activities	20	**757**	**(21)**
Cash flows from Investing activities			
Interest received	5	3	16
Interest Paid	8	(76)	(242)
Security for Bank Guarantees		-	200
Payment for Plant & Equipment	12	(55)	(447)
Proceed on sale of Plant & Equipment	12	64	32
Cash position assumed by buyer of Security Business		-	24
Proceeds from vendor of Highways Traffic	25	152	1,682
Net cash from investing activities		**88**	**1,265**
Cash flows from financing activities			
Net proceeds from Bank Loan for Vehicle fleet Upgrade	17	-	336
Invoice financing	17	-	(1,159)
Repayment of borrowings	17	(111)	(1,238)
Repayment of Motor Vehicle Lease Liabilities	17	-	(30)
Repayment of AASB 16 leases	13	-	(44)
Payment for share buyback	18	-	(6)
Net cash used in financing activities		**(111)**	**(2,141)**
Net increase/(decrease) in cash and cash equivalents		**734**	**(897)**
Cash and cash equivalents at beginning of the year		952	1,847
Cash and cash equivalents at end of the year	10	**1,686**	**950**

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

The principal activity of MCS Services Limited and its subsidiary (**Group or Consolidated Entity**) during the Reporting Period was providing traffic management services in WA.

During the previous reporting period, until the sale of its MCS Security Group Pty Ltd business effective 19 June 2024, the Group was also 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

1. General Information and statement of compliance

These consolidated general purpose financial statements of the Group for the year ended 30 June 2025 are presented in Australian dollars (**$ or A$**), which is the functional and presentation currency of the parent company and 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% owned subsidiaries Highways Traffic Pty Ltd, and MCS Security Group Pty Ltd (until 19 June 2024).

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 c/- Suite 3, Level 1, 17 Ord Street, West Perth, WA 6005.

The Company was incorporated on 11 May 2006.

The consolidated financial statements for year ended 30 June 2025 (including the comparatives) were approved and authorised for issue by the Board of Directors on 26 September 2025

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

2. New and Amended Accounting Policies

New and Amended Accounting Policies Not Yet Adopted by the Group
Certain amendments to accounting standards have been published that are not mandatory for 30 June 2025 reporting periods and have not been early adopted by the group. These amendments are not expected to have a material impact on the group in the current or future reporting periods.

There are a number of standards, amendments to standards, and interpretations which have been issued by the AASB that are effective in future accounting periods that the group has decided not to adopt early.

The following amendments are effective for the annual reporting period beginning 1 July 2025:

- Lack of Exchangeability (Amendment to AASB 121 The Effects of changes in Foreign Exchange Rates);

The following amendments are effective for the annual reporting period beginning 1 July 2026:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to AASB 9 Financial Instruments and AASB 7 Financial Instruments: Disclosures)

The following standards and amendments are effective for the annual reporting period beginning 1 July 2027:

- AASB 18 Presentation and Disclosure in Financial Statements;

The group is currently assessing the effect of these new accounting standards and amendments.

AASB 18 Presentation and Disclosure in Financial Statements, which was issued by the AASB in June 2024 supersedes AASB 101 Presentation of Financial Statements and will result in amendments to Australian Accounting Standards, including AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (renamed to Basis of Preparation of Financial Statements). Even though AASB 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

New and Amended Accounting Policies Adopted by the Group

The Group has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period.

AASB 2020-1: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current.*

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current. The Group adopted the amendment for the reporting period ending 30 June 2025.

The amendment did not have a material impact on the financial statements once adopted.

AASB 2021-7c: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.*

AASB 2021-7c defers the application of AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2018.

The Group plans on adopting the amendments for the reporting periods ending 30 June 2026. The impact of initial application is not yet known.

AASB 2022-6: *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants.*

AASB 2022-6 amends AASB 101 *Presentation of Financial Statements* to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. It also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure.

The Group adopted the amendment for the reporting period ending 30 June 2025. The amendment did not have a material impact on the financial statements once

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

The Group financial statements consolidate those of the Parent Company and its subsidiary as of 30 June 2025. All entities 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.

3. Summary of Material Accounting Policies

Overall considerations

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

Going Concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group has reported loss after tax of $0.4m (2024: loss of $0.81 million). The Group has net assets of $1.1 million (2024: $1.5 million) including cash and cash equivalents of $1.69 million (2024: $0.95 million). The ability of the Group to continue as a going concern is dependent upon the Group's ability to generate positive cashflows through its existing Traffic Business which is currently held for sale. This indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The Directors believe that the Going Concern basis of accounting is appropriate due to:

- Corporate level cost minimisation to preserve available cash reserves;
- The profitability of the Traffic Business during the course of the Reporting Period;
- Ongoing initiatives to improve profitability and cash-positive operations of the Traffic Business, and
- The intention to sell the Traffic Business (**Note 31)**

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

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.

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.

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 had two segments, retail and event Security (until sale of its Security Business effective 19 June 2024) and Traffic Management.

Until the sale of the Security Business the Group provided uniformed unarmed guards to shopping centres, sporting events, entertainment events, hospitals, government building, corporate offices and community facilities together with covert security, alarm installation and CCTV monitoring, primarily in Western Australia.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

Following the Group's acquisition of Highways Traffic Pty Ltd in October 2022, the Group provides traffic planning and accredited traffic controllers (typically with vehicles and associated signage) to major infrastructure construction companies, government bodies, the Resource sector and other clients, in Western Australia.

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

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

The Group's revenues are primarily charged to clients for hours of work undertaken at agreed contractual rates recognised when the work has been undertaken. 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 actual 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

During the 2023 reporting period, as part of its acquisition of Highways Traffic, the Company obtained Bank finance (to supplement the $1.8 million cash paid to the Vendors from the Group's existing cash reserves) of $1.338m on a 5 year term loan from National Australia Bank to fund the acquisition of the vehicle fleet, with principal repayments of $22,300 pm. The remaining balance of this Business Acquisition loan was repaid in full in June 2024 utilising part of the proceeds of sale of the Security Business (**Note 17).**

Further, during the 2023 reporting period the Group obtained a National Australia Bank Invoice Finance facility (limit of $1.5 million) to assist with the working capital ramp up of Highways Traffic. secured over the Accounts Receivable of the Security Business. The balance owing on this facility passed to the purchaser of the Security Business upon its sale on 19 June 2024 (**Note 17**).

During the previous reporting period the Group had a small number of vehicle leases until sale of the Security Business on 19th June 2024, when the balance owing passed to the purchaser of the Security Business at that time (**Note 17**).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

During the current Reporting Period, as for the previous reporting period, the Group:

- also arranged premium funding for its insurance for its operating businesses, with 10 monthly instalments payable to June each year;
- has an Asset Finance loan Facility with Nab For its Traffic Business vehicle Fleet renewal needs (**Note 17**).

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. Income tax is calculated 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.

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 at the time 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

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.

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.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:

Item	Assumed Useful Life
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.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

Goodwill

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.

Intangibles

Intangibles are amortised by the Company ever the estimated period over which benefits will occur and the carrying value is assessed for impairment at the end of each reporting period and written down where applicable.

Impairment testing of Goodwill, other intangible assets and 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.

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's carrying amount.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

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 certain Long Service Leave. Short-term benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

As the Traffic Business contributes to an industry Long Service Leave fund for applicable operational staff, Long Service Leave accrued by the Group relates only to applicable Traffic Business office staff and applicable Company staff.

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, having 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 to 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 1 employee entitled to Long Service Leave as at 30 June 2025 (2024: 3 employees).

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.

Share based payments

Equity–settled share–based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black and Scholes model or binomial model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity– settled share– based payments is expensed on a straight— line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

For cash–settled share–based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

Right of Use AASB 16

AASB 16 applies to annual reporting periods commencing on or after 1 January 2019. As such, it had been applied for the first time during a previous reporting period. It superseded the previous accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations.

AASB 16 introduced a single lessee accounting model that eliminated the requirement for leases to be classified as either operating leases or finance leases. Lessor accounting remained materially unchanged. The key features of AASB 16 are:

- 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 Group has reviewed all the Group's arrangements to identify leases. Until the sale of its Security Business effective 19 June 2024:

- the Group leased it's Head office premises (**Note 13).**
- and had four vehicle operating leases **(Note 13).**

The Group does not act as a lessor.

The impact of AASB 16 on the Group's financial statements in the Reporting Period and previous corresponding period is disclosed at **Note 13.**

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

Other components of equity include the:

- Share Option & Performance Right Reserve which records items recognised on the valuation of share options and Performance
- Rights over the vesting period until such instruments are converted to ordinary shares at which point the value is transfered to Share Capital; (**Note 18**)
- The Profit Reserve, which includes the net profit of the Company if applicable for the reporting period. These profits are not otherwise made unavailable for distribution as a dividend; (**Note 18**) and
- Retained earnings, which includes all 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

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 purchased Security Business 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 or credited to other comprehensive income and recognised in the currency translation reserve in equity.

Financial Instruments

Financial Assets at Amortised Cost

The Group's cash and cash equivalents, trade and most other receivables fall into this 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
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.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

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.Financial liabilities are subsequently measured at:

· amortised cost; or

· fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to Other Comprehensive Income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

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 2024 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.

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

Recoverability of Trade Debtors
Management regularly assesses Trade Receivables throughout the year for indicators of impairment including having regard to timeliness of payments, past default experience and analysis of the debtor's financial position and credit-worthiness, and makes provision for impairment as applicable. Management bases its assumptions on the best available observable data

4 Segmental Information

Management currently identifies the Group as having one operating segment, traffic management, which operates entirely within Australia. The Group's reportable segments under AASB 8 is therefore Traffic Management. Until the sale of the Group's Security Business subsidiary, MCS Security Group Pty Ltd, effective 19th June 2024 the Group also operated in the Security Services segment.

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 following is an analysis of the Group's revenue and results 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):

30 June 2025	Note	Corporate $'000	Security Business $'000	Traffic Business $'000	Total $'000
Revenue	5	-	-	14,585	**14,585**
Gross Profit		-	-	2,967	**2,967**
Other Income		3	-	-	**3**
Overheads					
Other Costs	6,7	(574)	-	(1,968)	**(2,542)**
EBITDA		**(571)**		**999**	**428**
Depreciation	12		-	(505)	**(505)**
Finance Costs	8		-	(76)	**(76)**
		(571)		**418**	**(153)**
Significant Items:					
Expensing of Traffic Business Contracts Acquired	14	(242)	-	-	**(242)**
Profit/(Loss) before income tax		**(813)**	**-**	**418**	**(395)**
Income tax benefit	9	(19)	-	19	**-**
Profit/(Loss) attributable to members		**(832)**	**-**	**437**	**(395)**
Segment assets	29,30	103	-	4,013	**4,116**
Segment liabilities	29,30	(1,126)	-	(1,857)	**(2,983)**
Segment Net Assets		**(1,023)**	**-**	**2,156**	**1,133**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

The result of the Traffic Business segment for the Reporting Period of $0.42 million profit (2024: $0.505 million loss) has been separately disclosed as the result for the Traffic Business Available for Sale on the face of the consolidated statement of profit or loss and other comprehensive income.

The assets and liabilities of the Traffic Business segment are classified as Assets Held For Sale / Liabilities Held for Sale on the face of the statement of financial position at 30 June 2025 and 30 June 2024, amounting to $4.01 million and $1.85 million respectively (2024: $3.98 million and $2.21 million respectively).

During the Reporting Period all of the Traffic Management segmental income and results were incurred in Australia, being where all their customers, assets and liabilities are situated. All of the Parent Entity income and results were incurred in Australia.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

30 June 2024	Note	Corporate $'000	Security Business $'000	Traffic Business $'000	Total $'000
Revenue	5	-	29,255	10,722	**39,977**
Gross Profit		**-**	**3,573**	**1,860**	**5,433**
Other Income	5	4	11	1	**16**
Overheads					
Other Costs	6,7	(580)	(4,283)	(1,828)	**(6,691)**
EBITDA		**(576)**	**(699)**	**33**	**(1,242)**
Depreciation	12	-	(132)	(477)	**(609)**
Amortisation		-	(95)	-	**(95)**
Profit on sale of Fixed Assets		-	10	-	**10**
Finance costs – AASB 16	13	-	(27)	-	**(27)**
Finance costs - Other	8	(78)	(76)	(61)	**(215)**
		(654)	**(1,019)**	**(505)**	**(2,178)**
Significant Items – Expensing of Traffic Business Contracts Acquired	14	(1,677)	-	-	**(1,677)**
Gain on sale of Security Business	25	3,026	-	-	**3,026**
Profit / (Loss) before income tax		**695**	**(1,019)**	**(505)**	**(829)**
Income tax (expense)	9	18	-	-	**18**
Profit / (Loss) attributable to members		**713**	**(1,019)**	**(505)**	**(811)**
Segment assets		954	-	3,978	**4,932**
Segment liabilities		(1,193)	-	(2,211)	**(3,404)**
Segment Net Assets		**(239)**	**-**	**1,767**	**1,528**

The result of the Security Business segment for the previous reporting period of a $1.019 million loss was separately disclosed as Loss on Discontinued Operations the face of the consolidated statement of profit or loss and other comprehensive income for the previous corresponding reporting period.

During the 2024 reporting period all of the Security Services and Traffic Management segmental income and results were incurred in Australia, being where all their customers, assets and liabilities are situated. All of the Parent Entity income and results were incurred in Australia.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

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.

Intersegment Transfers
For the periods ended 30 June 2025 and 30 June 2024 there were no material intersegment transfers.

5. Revenue and Other Income

Revenue	**2025** $'000	**2024** $'000
Guard security	-	27,156
Other security	-	2,098
Traffic Management	13,886	10,246
Traffic Planning	696	477
	14,582	**39,977**
Other Income		
Interest	3	16
	3	**16**

Revenues from the Security Business were included in Discontinued Operations in the previous reporting period. Revenues from the Traffic Business are included in Discontinuing operations in the current and previous reporting period. Included in other income is interest related to the parent company (continuing operation) totaling $2,775 (2024: $4,000).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

6. Expenses

	2025 $'000	2024 $'000
Professional Fees	307	623
Directors Fees (excl CEO salary)	110	147
Administration and Occupancy	345	947
Insurance	742	1,611
Bad Debt Impairment **(Note 11)**	34	37
Other	34	384
	1,572	**3,749**

Included in these Overhead Expenses are costs relating to the Parent company (Continuing Operations) totalling $358,000 (2024: $565,000)

7. Employee Remuneration

Expenses recognised for employee benefits are analysed below:

Employee expenses within Cost of Sales	2025 $'000	2024 $'000
Gross wages and salaries	7,610	25,870
Movement in leave provisions	99	(103)
Superannuation	703	2,389
Payroll Tax	493	1,796
	8,905	**29,952**
Other Costs of Sales	2,710	4,591
	11,615	**34,543**
Employee expenses within Overheads		
Gross wages and salaries (including 2024 CEO salary)	825	2,477
Superannuation	67	322
Other	78	144
	970	**2,943**

Employee Expenses within overheads includes $216,000 (2024: $15,000) relating to non-operational staff of the Parent Company, included in continuing operations.

Except for the expired incentive scheme for Key Management Personnel discussed at Section 1 of the Remuneration Report and at **Note 18**, the Group does not have any share-based payment schemes for employee remuneration.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

8. Finance Expenses

Finance expenses for the reporting periods consist of the following:

	Note	2025 $'000	2024 $'000
Interest expense: AASB 16 Lease Liabilities	13	-	27
Interest expense : Business Acquisition loan	17	-	78
Interest expense : Invoice Financing	17	-	63
Interest expense: Asset Finance Facility	17	33	38
Interest expense: Other	17	43	36
		76	**242**

The interest expense relating to the Business Acquisition loan of $nil (2024: $78,000) was included in Continuing operations.

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 25% (2024: 25%):

	2025 $'000	2024 $'000
a) Recognised in the Income Statement		
Current tax		
Current Year	-	-
Under / (Over) provision for Prior Year	-	(18)
Deferred Tax		
Origination & Reversal of temporary differences	-	-
Under / (Over) Provision for Prior Periods	-	-
Income tax (benefit)/ expense	**-**	**(18)**
Numerical reconciliation between Tax Expense and Pre-Tax Net Profit / Loss		
Profit (loss) before tax	(395)	(830)
Domestic tax rate for the Group	25%	25%
Income Tax expense / (benefit)	**(99)**	**(208)**
Increase in Income tax due to tax effect of:		
Non-deductible expenses	(15)	105
Under (over) Provision in Prior Year	-	(18)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

	2025 $'000	2024 $'000
Current year tax losses not recognised	-	-
Decrease in Income Tax expense due to:		
Current year Tax losses not recognised	-	50
Derecognition of previously recognized tax losses	32	-
Movement in unrecognised temporary tax losses	126	390
Utilisation of previously unrecognised tax losses	(105)	-
Impairment of goodwill	61	419
Non-assessable income	-	(756)
Income tax expense	**-**	(18)
b) Deferred Tax Recognised Directly in Equity		
Using a corporate tax rate of	**25%**	**25%**
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	160	230
Other	-	-
Gross Deferred tax assets	**160**	**230**
Set off of deferred tax liabilities	(160)	(230)
Net deferred tax assets	**-**	**-**
Deferred Tax Liabilities		
Prepayments	(41)	-
Plant & Equipment	(119)	(230)
Intangibles	-	-

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

Gross Deferred Tax Liabilities	**(160)**	**(230)**
Set off of deferred tax assets	160	230
Net Deferred tax liabilities	-	-
d) Unused tax losses and temporary differences for which no deferred tax asset has been recognised at 25% (2024: 25%)		
Deductible temporary differences	126	32
Tax revenue losses	1,364	1,034
Tax capital losses	1,210	158
Total	**2,700**	**1,224**
e) Current tax assets / (liabilities)		
Income tax refundable / (payable)	**-**	**60**

10. Cash and Cash Equivalents

Cash and cash equivalents include the following components:

	Note	2025 $'000	2024 $'000
Current Assets			
Cash at Bank		94	711
Cash at Bank: Traffic Business available for sale	30	1,592	239
		1,686	**950**
Non-Current Assets			
Cash as security for bank guarantee provided to Traffic Business depot landlord	30	20	20
		20	**20**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

11. Trade and Other Receivables

Trade and other receivables consist of the following:

	2025 $'000	2024 $'000
Trade Debtors	1,298	1,992
Prepayments	165	115
Other Receivables	221	372
	1,684	**2,479**

The above balances relate primarily to amounts owed to the Traffic Business and are disclosed as part of Assets available for sale (**Note 30**). The Receivables of the Security Business transferred to the purchaser upon its sale effective 19 June 2024.

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

All of the Group's Trade Receivables and Other Receivables as at 30 June 2025 have been reviewed for indicators of impairment. The Group applies the simplified approach in assessing for expected credit losses, with expected credit losses on Trade Receivables estimated using a provision matrix by reference to past default experience and analysis of the debtor's current financial position. In addition, a specific review for individual impaired accounts is undertaken.

Specific balances of $30,000 (2024:$10,570) have been identified as past-due and impaired, and $34,000 (2024: $37,000) has been expensed to Profit & Loss in relation to the impairment provision and bad debt.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

12. Plant and Equipment

30 June 2025 Cost or Valuation	Furniture & Equipment $'000	Motor Vehicles $'000	Software $'000	Total $'000
Balance at 1 July 2024	33	1,917	5	1,955
Additions	9	44	2	55
Disposals	-	(178)	-	(178)
Balance at 30 June 2025	**42**	**1,783**	**7**	**1,832**
Depreciation				
Balance at 1 July 2024	(10)	(702)	(1)	(713)
Depreciation	(9)	(479)	(2)	(490)
Transfers and other movements	-	98	-	98
Balance at 30 June 2025	**(19)**	**(1,083)**	**(3)**	**(1,105)**
Carrying amount at 30 June 2025	**23**	**700**	**4**	**727**

Except for $1,000 of corporate office equipment, all the above Plant and Equipment as at 30 June 2025 relates to the Traffic Business and is disclosed at part of Assets Available for Sale **(Note 30)**

30 June 2024 Cost or Valuation	Furniture & Equipment $'000	Motor Vehicles $'000	Software $'000	Total $'000
Balance at 1 July 2023	804	1,861	184	2,849
Additions	54	383	10	447
Transfers and other movements	(5)	-	5	-
Transfer on sale of Security Business	(820)	(256)	(194)	(1,270)
Disposals	-	(71)		(71)
Balance at 30 June 2024	**33**	**1,917**	**5**	**1,955**
Depreciation				
Balance at 1 July 2023	(595)	(424)	(177)	(1,196)
Disposals	-	50	-	50
Transfer on sale of Security Business	679	182	181	1,042
Depreciation	(94)	(510)	(5)	(609)
Balance at 30 June 2024	**(10)**	**(702)**	**(1)**	**(713)**
Carrying amount at 30 June 2024	**23**	**1,215**	**4**	**1,242**

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For the year ended 30 June 2025

13. Right of Use asset and lease liabilities - Leased Office & Vehicles

The Group has reviewed all the Group's arrangements to identify leases:

- During the previous reporting period, until 19th June 2024, the Group leased, via its Security Business subsidiary, its Head Office from a party related to Mr Paul Simmons, the then CEO and vendor of MCS Security Pty Ltd (**Note 22)**. The lease had been accounted for in accordance with AASB 16 *Leases* effective from 1 July 2019. The sale of the Security Business subsidiary effective 19 June 2024 resulted in the premises no longer being utilised by the Group.
- During a previous reporting period the Group obtained two Security Business site vehicles on operating leases over 4 years to April 2026 at an effective interest rate of 4.85%. The sale of the Security Business subsidiary effective 19 June 2024 resulted in the leases no longer being a liability of the Group.
- During the current reporting period there were no leases which required a Right of use asset and Lease liability to be recognised in accordance with AASB 16 *Leases*.

AASB 16 related amounts recognised in the balance sheet	**2025** $'000	**2024** $'000
Right of use assets:		
At cost	-	547
Accumulated Depreciation	-	(425)
Transfer on the sale of Security Business	-	(122)
Net Carrying Amount	-	-
Movement in carrying amounts:		
Opening balance	-	193
Additional Right-of-Use Assets – Vehicle Leases	-	-
Depreciation Expense	-	(71)
Transfer on the Sale of Security Business	-	(122)
Net Carrying Amount	-	-
Lease liabilities recognised in the balance sheet		
Opening balance	-	218
Additional vehicle leases during the period	-	-
Interest expense	-	27
Repayments	-	(146)
Transfer on sale of Security Business	-	(99)
Net Carrying Amount	-	-
Lease liability is classified as follows:		
Current Liability	-	-
Non-Current Liability	-	-

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

14. Intangibles

	Note	2025 $'000	2024 $'000
Alarm division of Security Business		-	102
Accumulated amortisation		-	(52)
Transfer on sale of Security Business		-	(50)
		-	**-**
Goodwill on Acquisition of Highways Traffic		242	1,382
Tax Effect		-	537
Impairment		(242)	(1,677)
		-	**242**
		-	**242**

During the Reporting Period, having regard to the Traffic Business being made available for sale **(Note 30),** the remaining Goodwill arising from acquisition was considered impaired and expensed. During a previous reporting period the Company acquired certain business assets of two small specialist alarm/CCTV companies, including inventory and tooling. The total cash paid on settlement for the acquisition was $96,000 (excl. GST), with a further $16,000 payable during a 12 months post-acquisition period subject to conditions being met. The $0.1m excess of the consideration paid over the value of those tangible assets related to client list, intellectual property and other intangible items. They were classed as Intangibles and were amortised on a straight-line basis. The sale of the Security Business subsidiary effective 19 June 2024 resulted in that Intangible asset exiting the Group.

15. Trade & Other Payables

Trade and Other Payables consist of the following:

	Note	2025 $'000	2024 $'000
Trade Payables		71	60
GST and Payroll Tax		(47)	-
Accruals – Directors Fees		110	77
PAYG		-	-
Superannuation		-	-
Traffic Business Vendor Liability		540	540
Security Business Purchaser Liability		452	478
Other Payables		-	1
		1,126	**1,156**
Liabilities available for sale; Traffic Business	30	844	1,164
		1,970	**2,320**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

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.

16. Provisions

All Annual Leave provisions are considered current liabilities.

Long Service Leave provisions are considered current liabilities where an employee had an unconditional right to the benefit (had reached the required length of continuous employment) as at 30 June 2025, or are considered 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 Traffic Business staff. The directors of the Company do not accrue Annual or Long Service Leave in relation to their directorships.

	2025 $'000	**2024** $'000
Current Liabilities		
Annual Leave	-	67
Long Service Leave	-	30
Liabilities Available for Sale (Note **30**); Traffic Business	615	518
	615	**615**
Non-Current Liabilities		
Long Service Leave	-	-
	615	**615**
Movement		
Balance 1 July	615	2,362
Transferred on sale of Security Business	-	(1,642)
Movement in year	-	(105)
Balance 30 June	**615**	**615**

The carrying amounts and movements in the provisions account are as follows:

No provision has been made for legal claims. Whilst the Group periodically deals 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

17. Financial Liabilities: Borrowings

The Group has various finance facilities with NAB, details of facilities are below:

Facility type	Note	Facility limit at 30 June 2025 $'000	Facility used at 30 June 2025 $'000	Facility unused at 30 June 2025 $'000
Bank guarantee facility		20,000	20,000	-
Asset finance facility	30	650,000	397,874	252,126

Bank Guarantee facility

The Bank Guarantee facility is secured against a $20,000 term deposit and provides a Bank Guarantee to the landlord of the Traffic Business depot premises.

Asset Finance Facility

The Asset Finance Facility is utilized by the Traffic Business for ongoing operational fleet vehicle needs, is secured against the relevant Traffic Business vehicles and present and future rights, property and undertakings of parent Company. The Company's Traffic Business intends to undertake a rolling upgrade of its vehicle fleet over time to:

- add additional items to the fleet,
- replace ageing vehicles and
- reduce the need for rented vehicles

A specialised work-truck and a number of utility vehicles totalling $0.25m were acquired in the 2023 reporting period utilising the facility, and additional utility vehicles were acquired in the 2024 reporting period. No additional vehicles were acquired in the Reporting Period.

Three Traffic Business operational vehicles totalling $130,000 were acquired subsequent to the period end (**Note 31**), funded from the above Nab Asset Finance facility.

The terms and conditions of the Asset Finance Facility Loan are as follows:

- Lender: National Australia Bank
- Security: Secured over relevant vehicles, guaranteed by MCS Services Ltd
- Interest: 7.41% on commencement
- Limit: $650,000
- Principal Repayments: Drawn balance repaid in equal instalments over 60 months.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

	Note	2025 $'000	2024 $'000
Opening Balance		509	252
New Drawdowns in Period		-	349
Interest	8	33	38
Repayments		(144)	(130)
		398	**509**
Represented by			
Current liability		-	-
Non Current Liability		-	-
Liabilities Available for Sale - Traffic Business	30	398	509
		398	**509**

During the previous reporting period, until the sale of the Security Business effective 19th June 2024, the Group also had:

- A NAB Invoice Finance facility secured against the present and future rights , property and undertaking of the Security Business;. The sale of the Security Business subsidiary effective 19 June 2024 resulted in that facility, with a balance of $0.2m at 19 June 2024, exiting the Group at that date.

- A NAB Business Acquisition facility, used in October 2022 to partially fund the acquisition of Highways Traffic secured against the present and future rights, property and undertaking of the Company, MCS Services Limited, and the Security Business, MCS Security Group Pty Ltd. The loan balance of $0.89 million was paid out in full in June 2024 utilising part of the proceeds of sale of the Security Business

All remaining facilities above are secured by present and future rights, property and undertaking given by MCS Services Limited.

Insurance Premium Funding

During the Reporting Period and previous reporting period the Group had insurance Premium Funding arrangements in place in relation to its insurance costs. The Group's insurances are placed annually for the periods 1 September to 31 August, with ten equal repayments of the Premium Funding made over the period September to June.

The premium funder holds security rights over the relevant Group company's insurance policies. As at 30 June 2025 an amount of $36,157 (2024: $nil) was remaining on the Premium Funding for the Traffic Business for the insurance period 1 September 2024 to 31 August 2025 and is disclosed as part of Trade and Other Payables in Liabilities Held for Sale **(Note 30).**

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Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

18. Equity

Share Capital

The share capital of the Company consists only of fully-paid ordinary shares as follows:

Ordinary shares	2025 $'000	2024 $'000	2025 Number	2024 Number
At the beginning of reporting period	18,394	18,400	198,099,652	198,417,939
Shares Issued on conversion of Performance Rights	-	-	-	-
Shares Issued on exercise of options	-	-	-	-
Share Buyback	-	(6)	-	(318,287)
At the end of reporting period	**18,394**	**18,394**	**198,099,652**	**198,099,652**

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

Profit Reserve

A meeting of the Board of directors of the Company in a prior reporting period resolved that the 2022 net profit for that reporting period of $1,065,708 was not to be offset against the Company's Accumulated Losses but appropriated to a 2022 Profit Reserve. These profits are not otherwise made unavailable for distribution as a dividend. Movement in the Profit Reserve follows:

	2025 $'000	2024 $'000
At the beginning of reporting period	2,621	2,621
Profit	-	-
At the end of reporting period	**2,621**	**2,621**

Share Option and Performance Rights Reserve

The Share Option & Performance Rights Reserve records items recognised on the valuation of Share Options and Performance Rights over the vesting period.

	2025 $'000	2024 $'000
At the beginning of the year	384	384
Options issued during the period	-	-
Options expensed during the period	-	-
At the end of the year	**384**	**384**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

The Company has the following Share Options and Performance Rights outstanding:

	Quoted Options 2025 Number	Quoted Options 2024 Number	Unquoted Options 2025 Number	Unquoted Options 2024 Number	Weighted Average Exercise price	Performance Rights 2025 Number	Performance Rights 2024 Number
At 1 July	-	-	12,000,000	14,301,923	-	-	1,995,000
Expired	-	-	-	(2,301,923)	-	-	(1,995,000)
Exercised	-	-	-	-	-	-	-
Issued	-	-	-	-	-	-	-
At 30 June	**-**	**-**	**12,000,000**	**12,000,000**	**-**	**-**	**-**

All of the above 12 million Options were issued for $nil consideration, have an exercise price of 6 cents, exercisable at any time up to 30 November 2025, and were valued using the Black Scholes model at $170,836 which was expensed in full in the 2023 reporting period. None of the above Options have been exercised during the current or previous reporting periods or to the date of this Report.

Further, during the 2023 reporting period, as approved by shareholders at the Annual General Meeting on 30th November 2022, 1,995,000 new Performance Rights and 2,301,923 long–dated Premium–priced Options were issued to the then CEO / Managing Director, Paul Simmons:

- for $nil consideration;
- effective 30th November 2022,
- each exercisable into one ordinary share in the Company at any time between meeting the vesting condition and the expiry date – being 48 months after meeting the Performance Rights vesting condition and 30 November 2026 for the Premium-priced Options;
- the vesting conditions require the Company's Earnings per Share to exceed 0.5 cents per share in the year to 30 June 2023 and, for an element of the Performance Rights, achieving strategic milestones.

During the previous 2024 reporting period the Board assessed that the vesting conditions would not be met. The Premium Priced options and Performance Rights were therefore treated as lapsed.

19. 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:

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

	2025 '000 of shares	2024 '000 of shares
Number of Shares used in Calculation of Earnings per share:		
Weighted average number of shares used in basic earnings per share calculation	198,099	198,691
Weighted average number of shares used in diluted earnings per share calculation	198,099	198,691
Profit / (loss) used in calculation of Earnings per share:	**$'000**	**$'000**
From Continuing operations	(814)	713
From Discontinuing Operations	418	(1,524)

	2025 Cents	2024 Cents
Basic earnings per share		
From Continuing operations	(0.41)	0.36
From Discontinuing operations	0.21	(0.76)
	(0.20)	**(0.40)**
Diluted earnings per share		
From Continuing operations	(0.41)	0.36
From Discontinuing operations	0.21	(0.76)
	(0.20)	**(0.40)**

Dividends
The Board has elected not to pay a dividend for the current year to shareholders of the Company. The Company will be deploying funds to efficiently manage its capital structure.

	2025 $'000	**2024** $'000
Dividends declared during the year	-	-
Being:		
Paid cash	-	-
Withholding tax paid to ATO	-	-
Shares issued under Dividend Reinvestment Plan	-	-
	-	-

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

20. Reconciliation of cashflows from operating activities

	Note	2025 $'000	2024 $'000
Loss for the year		(395)	(811)
Adjustments for:			
Interest received and receivable	5	(3)	(16)
Interest Paid: Other		-	215
Depreciation	12	490	538
AASB 16: Interest and Depreciation	13	-	98
Expensing of value of contracts acquired	14	242	1,677
Gain on sale of Security Business		-	(3,026)
Net change in Working Capital:			
Change in Tax Asset / Liability	9	60	210
Change in Trade & Other Receivables	11	795	2,518
Change in Inventories and Work In Progress		-	359
Change in other net assets		(82)	1,476
Change in Trade Creditors and Other Payables	15	(350)	(1,512)
Change in Provisions	16	-	(1,747)
Net Cash from / (used in) Operating Activities		**757**	**(21)**

21. 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.

	2025 $'000	2024 $'000
Audit & Review of financial statements	30	148
Other Services: Non-audit assistance	-	-
Total	**30**	**148**

The Auditor's Independence Declaration is set out on page 24 of the Annual Report.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

22. Related Party Transactions

(a) Head Office Lease

During the previous reporting period until the sale of the Security Business effective 19th June 2024, the Group leased office space in Joondalup, WA through its Security Business subsidiary, MCS Security Group Pty Ltd, from a related entity of the then CEO (and ongoing Director) Mr Paul Simmons. The Joondalup office lease transferred to the purchaser of the Security Business upon its sale effective 19 June 2024. The lease had been accounted for in accordance with AASB 16 Leases **(Note 13)** effective from 1 July 2019.

The amount billed during the Reporting Period for rent was $nil (2024: $62,002).

(b) Related Party Transactions – Director

During the previous reporting period a corporate travel agency owned by a relation of Mr Geoff Martin, a director of the Company, arranged domestic flight and hotel bookings for the Group's Security Business totalling $24,255. The Board considered the service was provided at commercial rates.

The Security Business was sold by the Group effective 19th June 2024, such that no related party service was provided in the Reporting Period.

(c) CEO Benefits

During the previous reporting Mr Paul Simmons, the then CEO (until 19 June 2024) / managing director of the Group and one of the vendors of MCS Security, received an annual salary of $210,000 pa (plus superannuation). Mr Simmons was also paid Director fees of $35,000 in the previous reporting period.

Mr Simmons resigned as CEO effective 19 June 2024 to take up a role with the purchaser of the Security Business. Mr Simmons however remained as a director of the Group companies and a large shareholder of the Company. Mr Simmons accrued Director fees of $35,000 in the Reporting Period.

(d) Transactions with Key Management Personnel

Key management of the Group during the Reporting Period are the members of the Company's Board of Directors (incl the CEO / Managing Director), the CFO (until retrenchment of the role in January 2025) and the Company Secretary. In addition to the matters set out above, key management's remuneration includes salaries / fees (incl superannuation on the CFO salary at 11.5%):

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

	2025 $	2024 $
Short term (director fees, salaries)	240,986	584,159
Post Employment (superannuation)	12,899	45,100
	253,885	**629,259**

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

23. 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 may be subject to a number of such claims. The validity 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.

24. Capital Commitments

As at the Reporting Date the Group had not formally committed to any future capital expenditure except for the purchase of three operational vehicles for the Traffic Business totalling $130,000, to be funded upon delivery by the Nab Asset Finance Facility **(Note 31).**

25. 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 2025	Group ownership % 30 June 2024
Highways Traffic Pty Ltd	Australia	Traffic Management	100%	100%

During the previous reporting period, effective 19 June 2024, the Group sold its 100% share interest in its Security Business subsidiary, MCS Security Group Pty Ltd, to an unrelated party, Vibrant Services Pty Limited.

The sale of the Security Business was made after waiver of inter-group loans owing to / from that business, and resulted in the assets and liabilities of the Security Business exiting the Group.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

As at 30 June 2025, and to the date of this Report, the company has made its Traffic Business subsidiary Highways Traffic Pty Ltd available for sale. Subsequent to the Reporting Period the Company has received a number of non-binding indicative offers. The Board cannot confirm if such interest will proceed further, towards a transaction. Should such interest proceed further, shareholder approval and ASX quotation matters would apply. (**Note 31**).

Interests in Unconsolidated Structured Entities
The Group has no interests in unconsolidated structured entities.

26. 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 by senior management, 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.

Market Risk Analysis:

a) Foreign Currency sensitivity

Materially all of the Group's transactions are carried out in Australian Dollars (A$).

All of its Cash Balances are held in A$ (**Note 10**) and all of its Trade & Other Receivables (**Note 11**), Lease Liabilities (**Note 13**), Trade Payables (**Note 15**) and Borrowings (**Note 17**) are denominated in 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 5);**
- the Group's Bank borrowings are with a major Australian lender **(Note 17**)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

c) 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:

	Note	2025 $'000	2024 $'000
Current Assets: Cash and Cash Equivalents	10	1,686	950
Current Assets: Trade Debtors	11	1,298	1,992
Non-Current Assets: Restricted Cash	10	20	20

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 71% (2024: 70%) of the Trade Debtors amount owing as at 30 June 2025. 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.

d) Price Risk

The Group is not exposed to price risk.

e) 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:

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

- 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,
- having had an Invoice Finance Facility in place (**Note 17**) until the sale of MCS Security Group Subsidiary effective 19 June 2024.

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 cash inflows from Trade Receivables are generally all contractually due within 30–60 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.

27. Fair Value Assessment

Fair value measurement of financial instruments

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 2024 and 30 June 2025:

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000
30 June 2024				
Cash	10	-	950	-
Restricted Cash	10	-	20	-
Trade & Other Receivables	11	-	1,992	-
Trade & Other Payables	15	-	(2,321)	-
Asset Finance Facility	17	-	(509)	-
30 June 2025				
Cash	10	-	1,686	-
Restricted Cash	10	-	20	-
Trade & Other Receivables	11	-	1,684	-
Trade & Other Payables	15	-	(1,970)	-
Asset Finance Facility	17	-	(398)	-
Insurance Premium Funding	17	-	(36)	-

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

Fair value measurement of non-financial instruments

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

28. Capital management policies and procedures

The Company's objectives when managing capital are to ensure the Group 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. The Group has no externally imposed capital requirements or external debt covenants

The Company monitors capital on the basis of liquidity, funding requirements, 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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets..

29. Parent entity information

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

	Note	2025 $'000	2024 $'000
Statement of Financial Position			
Current Assets	10,11	103	711
Non-Current Assets	12	1	243
Total Assets		**104**	**954**
Current Liabilities	15	(1,126)	(1,602)
Non-Current Liabilities		-	-
Total Liabilities		**(1,126)**	**(1,602)**
Net Assets		**(1,022)**	**(648)**
Equity			
Issued Capital	18	18,394	18,394
Share Option & Performance Right Reserve	18	384	384
Accumulated Losses		(22,421)	(22,047)
Profit Reserve	18	2,621	2,621
Total Equity		**(1,022)**	**(648)**
Financial Performance			
Operating Loss for the Year	4	**(571)**	**(654)**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

No dividend to shareholders of the Company was declared in the current or previous year.

The Parent Entity has $nil capital commitments as at 30 June 2025. The Traffic Business subsidiary has capital commitments of $0.13 million. (**Note 31**)

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

30. Discontinuing operations / Assets and Liabilities available for Sale: Traffic Business

As at 30 June 2025, and to the date of this Report, the company has made its Traffic Business subsidiary Highways Traffic Pty Ltd available for sale. Subsequent to the Reporting Period the Company has received a number of non-binding indicative offers. The Board cannot confirm if such interest will proceed further, towards a transaction. Should such interest proceed further, shareholder approval and ASX quotation matters would apply. (**Note 31**).

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

	Note	30 June 2025 $'000	30 June 2024 $'000
Discontinuing Operations			
Revenue	5	14,582	10,722
Cost of Sales	7	(11,615)	(8,862)
Gross Profit		**2,967**	**1,860**
Other income	5	-	1
Employee expenses and benefits (non-operational staff)	7	(754)	(735)
Insurance	6	(706)	(562)
Other expenses	6	(508)	(531)
		(1,968)	**(1,827)**
		999	**33**
Significant items			
Finance Expenses	8	(76)	(61)
Depreciation of Plant & Equipment	12	(505)	(477)
		(581)	**(538)**
Profit/(Loss) from discontinuing operations before tax		**418**	**(505)**
Income tax benefit	9	19	-
Profit/(Loss) from discontinuing operations attributable to members		**437**	**(505)**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

The assets and liabilities of the Traffic Business as at 30 June 2025 are disclosed in the Consolidated Statement of Financial position as current assets and liabilities as follows.

	Note	30 June 2025 $'000	30 June 2024 $'000
Cash and Cash Equivalent	10	1,592	239
Trade and Other Receivables	11	1,674	2,479
Restricted Cash	10	20	20
Plant and Equipment	12	726	1,240
Assets Held For Sale		**4,012**	**3,978**
Trade & Other payables	15	(844)	(1,164)
Provisions - Leave	16	(615)	(518)
Asset Finance loan - Vehicles	17	(398)	(509)
Deferred tax	9	-	(20)
Liabilities Held for Sale		**(1,857)**	**(2,211)**
Net		**2,155**	**1,767**

The cashflow impact of the Traffic Business as at 30 June 2025 is as follows:

- Cashflow from operating activities of $1.4m
- Cashflow from investing activities of $84k
- Cashflow used in financing activities of $111k

31. Events Arising since the end of the Reporting Period

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

- As at 30 June 2025, and to the date of this Report, the company has made its Traffic Business subsidiary Highways Traffic Pty Ltd available for sale. Subsequent to the Reporting Period the Company has received a number of non-binding indicative offers. The Board cannot confirm if such interest will proceed further, towards a transaction. Should such interest proceed further, shareholder approval and ASX quotation matters would apply.
- acquiring three operating vehicles for the Traffic Business totalling $0.13million, funded from the Nab Asset Finance Facility **(Note 17).**

Consolidated Entity Disclosure Statement

Section 295 (3A)(vi) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied for following interpretations:

Australian tax residency
The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

MCS Services Limited provides the tax residency of its subsidiaries below:

Name of Entity	Type of Entity	Trustee, partner or participation in JV	% of share capital	Country of incorporation	Australia resident of foreign resident	Foreign jurisdiction(s) of foreign residents
Highways Traffic Pty Ltd	Body Corporate	N/A	100%	Australia	Australia	N/A

As disclosed in **Note 22**, MCS Services Limited disposed of it's 100% interest in MCS Security Group Pty Ltd to an unrelated entity, Vibrant Services Pty Ltd, effective 19 June 2024. As such, as at the previous reporting date of 30th June 2024, the assets and liabilities of MCS Security Group were no longer owned by the Company.

Basis of preparation

This consolidated entity disclosure statement has been prepared in accordance with the s295 (3A)(a) of the Corporations Act 2001 and includes the required information for MCS Services Limited and the entities it controls in accordance with *AASB 10 Consolidated Financial Statements*.

Key assumptions and judgements

Determination of Tax Residency

Section 295 (3A) of the *Corporation Acts 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. For the purposes of this section, an entity is an Australian resident at the end of a financial year if the entity is:

a) an Australian resident (within the meaning of the *Income Tax Assessment Act 1997*) at that time; or

b) a partnership, with at least one partner being an Australian resident (within the meaning of the *Income Tax Assessment Act 1997*) at that time; or

c) a resident trust estate (within the meaning of Division 6 of Part III of the *Income Tax Assessment Act 1936*) in relation to the year of income (within the meaning of that Act) that corresponds to the financial year.

Consolidated Entity Disclosure Statement

The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation’s public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with. At the reporting date, the Company did not have any consolidated entities with foreign residency.

Directors' Declaration

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 2025 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 other mandatory professional reporting requirements,
- Subject to the going concern matter in Note 3, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
- the consolidated entity disclosure Statement on page 82 is true and correct.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2025.

Note 1 confirms that the consolidated financial statements also comply with International Reporting Standards as issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the directors

APM JP.

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

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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 2025, 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 consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement 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 2025 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 APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board (the Code) that are relevant to our audits of the 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*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Relating to Going Concern

We draw attention to Note 3 of the financial statements, which indicates that the Group reported a loss after tax of $0.4 million. The Group had net assets $1.1 million including cash and cash equivalents of $1.69 million. As stated in Note 3, the ability of the Group to continue as a going concern is dependent upon the Group's ability to generate positive cashflows through its existing traffic business which is currently held for sale. This indicates 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.

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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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be Key Audit Matters to be communicated in our report.

Key Audit Matters	How the matter was addressed in the audit
Revenue recognition *(refer to Note 5 to the consolidated financial statements)* The Group earns revenue primarily from the provision of traffic management services in Western Australia. Revenue is generally recognised when the Group provides the services to its customers. During the year ended 30 June 2025, the Group recognised revenue of $14.58 million. All of the Group's revenue is in relation to the traffic business which is classified as held-for sale operations. We determined revenue recognition to be a key audit matter due to the following: - the application of AASB 15 *Revenue from Contracts with Customers* (AASB 15) involves certain key judgements relating to identification of distinct performance obligations and determination of transaction price of the identified performance obligations; and - the significance of the revenue to the Group.	Inter alia, our audit procedures included the following: i. obtaining an understanding of the revenue transaction cycles including identifying key controls over revenue transactions and carrying out walk-through tests; ii. testing the operating effectiveness of the key controls over the revenue recognition process that ensure completeness, accuracy and timing of revenue recognised; iii. analysing significant sales contracts to verify correct accounting treatment in accordance with the Group's accounting policy and AASB 15; iv. performing cut-off testing, including checking material credit notes issued to ensure that revenue transactions around the year-end have been recorded in the correct period; v. performing substantive tests and analytical procedures on revenue and costs of sales; and vi. assessing the appropriateness of the Group's revenue recognition accounting policies and the adequacy of the disclosures in the consolidated financial statements

Completeness and accuracy of cost of sales
(refer to Note 7 to the consolidated financial statements)

The Group's cost of sales for the year ended 30 June 2025 amounted to $11.6 million. Cost of sales comprises mainly payroll costs relating to traffic management. Payroll costs are a key component in revenue generation and recognition. All of the Group's cost of sales is in relation to the traffic business which is classified as held-for sale operations.

We identified the completeness and accuracy of the recorded cost of sales as a key audit matter due to:

- the impact of cost of sales on the revenue and profitability of the Group; and
- the significance of the cost of sales to the Group.

Inter alia, our audit procedures included the following:

i. obtaining an understanding of the cost of sales transaction cycles including identifying controls over the cost of sales transactions and carrying out a walk through tests;

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 cost of sales;

iii. verifying employees' rates of pay in the payroll system to relevant supporting documentation;

iv. verifying, on a sample basis, employees' wages to timesheets and security rosters, and tracing the number of hours worked to the applicable revenue generating invoice;

v. performing tests for cut-off of employee benefits expense; and

vii. assessing the appropriateness of the employee benefits and cost of sales disclosures in the consolidated financial statements.

Non-current assets held for sale and discontinued operations

(refer to Note 30 to the consolidated financial statements)

The Board of Directors ("BOD") made the decision to dispose of the traffic management business, through the sale of 100% of the Company's interest in Highways Traffic Pty Ltd ("Highways Traffic").

At the reporting date, the Board is in discussions with potential buyers of Highways Traffic.

The profit of $0.4 million (2024: $0.5 million loss) earned by Highways Traffic has been separately disclosed as 'Profit on traffic business available for sale (disposal group)' on the face of the consolidated statement of profit or loss and other comprehensive income.

The assets and liabilities relating to Highways Traffic amounting to $4.01 million and $1.86 million respectively, were reclassified as held for sale on the face of the consolidated statement of financial position at 30 June 2025.

We determined the assets held for sale to be a key audit matter due to:

- The significance of the traffic management business to the Group's operations and the consolidated financial statements and the size of the loss from the business held for sale that directly impacts the consolidated statement of profit or loss and other comprehensive income;
- The necessity to assess management's application of the requirements of the accounting standard *AASB 5 Non-current Assets Held for Sale and Discontinued Operations ("AASB 5")*;
- The assessment of significant judgements made by management in relation to the sale and related disclosures.

Inter alia, our audit procedures included the following:

i. Evaluating management's basis and judgement for the recognition, measurement, classification and presentation of non-current assets held for sale and discontinued operations in accordance with AASB 5;

ii. Reviewing minutes of Board meetings, correspondences with the potential buyer, review of the non-binding agreement and discussions with management and Board;

iii. Testing that the carrying amounts of all assets and liabilities have been measured in accordance with the relevant Australian Accounting Standards prior to the reclassification to assets and liabilities held for sale;

iv. Checking the calculation and presentation of the financial performance results of the discontinued operations;

v. Checking to supporting documents for developments on the sale completion post reporting date; and

vi. Assessing the appropriateness of the disclosures in the notes to the financial statements.

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 2025 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 conclusion 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:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* (other than the consolidated entity disclosure statement); and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of:

   i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

   ii) the consolidated entity disclosure statement that is true and correct and is free from misstatement whether due to fraud and 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 are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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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 the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of MCS Services Limited for the year ended 30 June 2025 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
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Waseem Akhtar

Waseem Akhtar
Director
West Perth, Western Australia
26 September 2025

ASX Additional Information

Additional information required by ASX listing rules and not disclosed elsewhere in this report is set our below. The information is effective as at 26 September 2025.

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	38,046,812	19.2%
Mr Amarandhar Reddy Kotha	30,000,000	15.1%
Mr Richard Batrachenko & Mrs. Jacqueline Batrachenko	15,230,665	7.7%
Mr Adam Leonard Goulding & Mrs. Renee Louise Goulding	14,917,500	7.5%

Distribution of Equity Security Holders as at 26 September 2025

Holding	Shareholders	Total Units
1-1000	20	4,941
1,001-5,000	10	24,031
5,001-10,000	13	109,893
10,001-100,000	128	6,295,192
100,000 and over	125	191,665,595
	296	198,099,652

MCS

ASX Additional Information

Top 20 Shareholders	Number of Ordinary Shares	% of Issued shares
PR & M Simmons Pty Ltd (Simmons Super Fund a/c)	38,046,812	19.2
Mr Amarandhar Reddy Kotha	30,000,000	15.14
Mr Richard Batrachenko & Mrs. Jacqueline Batrachenko (Batrachenko Superfund a/c)	15,230,665	7.7
Mr Adam Leonard Goulding & Mrs. Renee Louise Goulding (Race Superfund a/c)	14,917,500	7.53
BNP Paribas Nominees (IB Au Noms Retail Client DRP)	6,455,865	3.27
Mr Giancesare Moro	5,000,000	2.5
Dr David George Maxwell Welsh	4,000,000	2.0
Dr David George M Welsh	4,000,000	2.0
Mr Salvatore Di Vincenzo	3,707,606	1.86
HSBC Custody Nominees (Australia) Limited	3,536,675	1.78
Medicci Pty Ltd	3,449,861	1.74
Carol Anne Capelli	3,321,691	1.68
Graziano Giacomo Capelli	3,321,691	1.68
Mr Gabriel Govinda	2,999,597	1.51
Mr Basileus de Tenebrae	2,500,000	1.26
HSBC Custody Nominees Pty Ltd a/c 2	2,126,304	1.07
Bilgola Nominees Pty Ltd	2,000,000	1.01
Baauer Pty Ltd (Baauer Family a/c)	2,000,000	1.01
Mark David Englebert	1,800,000	0.91
Savol Pty Ltd	1,650,000	0.83
	150,064,277	**75.8**
Total Remaining Holders (balance)	48,035,375	24.2
Total Ordinary Shares on issue	**198,099,652**	**100%**

Less than Marketable Parcel
There were 133 holders of less than a marketable parcel of ordinary shares.

Escrowed Shares
There were 6,643,382 shares held in escrow until October 2023, being an element of the purchase consideration paid to James (Graziano) and Carol Capelli, vendors of Highways Traffic, in October 2022.

Unissued Equity Securities

No Equity Securities were issued during the Reporting Period or the previous reporting period.

On-Market Buy-Backs
There were no shares bought back during the Reporting Period.

During the previous reporting period 318,287 shares were bought back at 2.0 cents for a total consideration of $6,366.

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: Voting rights.
- Options: No voting rights.
- Performance Rights: No voting rights until vest

Quoted Options
There are no quoted options.

Unquoted Options
As at 26 September 2025 the Company had the following unquoted options on issue:

Holder	Role	Number
RC Kucera	Chairman	3,000,000
G Martin	Director	3,000,000
M Ward	Former Director	3,000,000
J Asquith	Former Company Secretary	3,000,000
		12,000,000

END OF REPORT