

30 June 2020

Settlement with Liquidator

MCS Services (MCS) has reached a settlement with the liquidator of its subsidiary company John Boardman Pty Ltd (In Liquidation) (JBPL).

JBPL, a provider of events security services, was acquired by MCS in 2015 pursuant to a Sale & Purchase Agreement which included that the pre-acquisition liabilities of JBPL be borne by the vendor.

Subsequent to the acquisition and the appointment of new directors, MCS became concerned as to the veracity of the vendor's disclosures, the extent of JBPL's client contracts, and the status of JBPL's pre-acquisition liabilities.

At 30 June 2017, MCS made full provision in its consolidated financial statements for \$320,000 of pre-acquisition ATO liabilities found to still be owing by JBPL. These amounts had not been paid by the vendor despite his contractual requirement to do so. In October 2017, MCS finalised the buyback and cancellation of 18,000,000 MCS shares issued to John Boardman as the consideration for the acquisition of JBPL.

In September 2017, JBPL was placed into liquidation. In March 2020 the liquidator of JBPL advanced a claim of least \$482,000 against MCS, including all of the ATO liabilities of JBPL and other matters. MCS advised the liquidator it would defend the claim.

For commercial reasons, including having regard to likely future legal costs and uncertainties in defending the matter, MCS has today reached a settlement with the liquidator. The settlement amount agreed is \$150,000, which has today been paid in full. The liquidator has released all claims against MCS. MCS will write back the \$320,000 JBPL liability in its consolidated financial statements as a result of that release.

Paul Simmons, CEO and Director commented: *I am pleased that we have reached a sensible commercial settlement of this historical matter. MCS will concentrate on our core strategies of business expansion and enhancing profitability.*



PAUL R. SIMMONS
MANAGING DIRECTOR

MCS SERVICES LTD

This announcement was authorised for release to the ASX by Mr Paul Simmons.

For further information contact Mr Simmons on 0439 943 405

About MCS Services

MCS Services provides security services at major commercial property sites and retail shopping centres throughout the Perth metropolitan area and regional country areas of Western Australia. These security services include mobile patrols and response vehicle services. In addition, MCS provides electronic security services including the design, supply, installation and commissioning of security alarms, CCTV, biometric and access control systems to commercial, industrial and domestic sectors.