Multi Channel Solutions

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21st October 2014

ASX Limited
Company Announcements Platform

Proposed Company Re-structure
Highlights

- Agreement reached with Triple R to deepen the alliance for the supply and distribution of unique retail products in Australia. Mutually beneficial equity incentive package in place to drive sales and margin growth.

- Agreement reached with Mr Ross Standfast and Mr Hans Luttringer to assist the Company in maximising the benefits of the Triple R alliance and refocussing on the Company's Australian operations.

- Agreement reached with convertible loan and other debt holders to convert their outstanding debt of approximately $2.5m into Shares of the Company at a share price of $0.004 per share.

- Company to undertake a share consolidation on the basis of 1 new share for every 5 on issue.

- Company to change its name to Bronson Group Limited.

- Company to focus on its Australian operations and discussions are underway with potential new board members.

As previously announced to the market on 18 September 2014, Multi Channel Solutions Limited ("**Multi Channel**" or "**the Company**") commenced a company review with the broad objectives to:

- Enable the Company to be in a better position to capitalise on any success resulting from an enhanced Triple R arrangement;

- to be in a better position to incentivise all key partners involved in driving increased sales revenue and contribution; and

- to address the debt, equity and cost structures of the Company to ensure they are more appropriate to manage the next stage growth expectations.

This review has resulted in a number of key restructuring initiatives to be implemented by the Company. Where required, shareholder and any other regulatory approval will be sought to give effect to the main elements of the proposed restructure.

In announcing these initiatives, Mr Des Smale, Chairman of Multi Channel wishes to thank all key stakeholders including Triple R, the convertible note and debt holders, Messrs Standfast and Luttringer and Peloton Capital for the spirit with which the negotiations and discussions were undertaken. These initiatives allow the Company to reposition itself for growth and to create shareholder value.

The main elements of the restructure are further explained below:

Triple R Alliance Agreement

A revised, exclusive alliance agreement ("Alliance Agreement") (that replaces the original agreement signed in February 2014) has been signed with Triple R International Ltd ("**Triple R**"), a Chinese based company for the supply and distribution of unique and marketable products for retail distribution.

The Alliance Agreement is for an initial period to 30 June 2018 and contains a revised equity incentive package whereby Triple R or its nominee will be issued shares in the Company if certain pre-determined performance criteria are achieved.

The incentive structure (which replaces the previous agreed structure) has been designed to drive sales and margin growth. Outlined below is a summary of the agreed performance milestones and the corresponding number of Shares (on a pre-consolidation basis) to be issued when the performance milestones are attained.

The time frame for the attainment of the performance criteria is up to 30 June 2018.

Milestone	**Shares to be Issued (pre consolidation basis)**	**Performance Criteria**
1	75,000,000	increase in Bronson net sales by **$2m** at an acceptable margin/approved sales in a single financial year
2	100,000,000	increase in Bronson net sales by **$4m** at an acceptable margin/approved sales in a single financial year
3	125,000,000	increase in Bronson net sales by **$6m** at acceptable margin/approved sales in a single financial year
4	150,000,000	increase in Bronson net sales by **$8m** at acceptable margin/approved sales in a single financial year
Total	**450,000,000**	

In addition to the above performance related incentive structure, Triple R (or nominees) will be issued 50,000,000 shares in consideration for entering into the new Alliance Agreement and for the secondment of Mr Luttringer to the Company as outlined further below.

To put the performance criteria as outlined above in context, the sales for the Company for FY 14 was approximately $3.7m. Accordingly, the attainment of one or all of the above milestones will have a material impact to the performance of the Company's operations.

Pursuant to the Alliance Agreement, Triple R will source unique retail products for marketing and distribution by the Company in Australia and other agreed markets.

With an established product development and manufacturing base in China currently producing an extensive range of outdoor and leisure products exported to U.S.A. and Europe, the principals of Triple R have over 25 years' experience in product development, manufacturing and the marketing of a wide range of consumer products.

The Triple R principals have also successfully developed relationships with major international retailers including Walmart and Canadian Tire.

The Triple R alliance aims to provide Multi Channel with a China based partnership which is highly experienced in product development and with access to competitive reliable manufacturing capabilities.

Agreement reached with Messrs Standfast and Luttringer

The Company is also pleased to announce that in conjunction with the signing of the new Alliance Agreement with Triple R, it has reached agreement with Messrs Standfast and Luttringer, two highly experienced retail executives, who together will form an integral part in the success of the Triple R alliance and the development of the current Australian operation.

Mr Standfast will be retained by the Company to assist in the implementation and operation of the alliance. Mr Standfast has over 30 years' experience in product sourcing and development for the promotional and retail markets.

Mr Standfast is the principal of Magazine Offers which was established in the early 1980's where it successfully conducted reader offers and newspaper promotions in Australia and the UK. In the early 1990's, Mr Standfast became involved in Direct Response Television (DRTV) and Home Shopping and supplied products to home shopping companies such as TVSN in Australia as well as QVC and HSN in the USA and QVC UK.

Mr Standfast has just successfully completed a 3 year contract with Brand Developers to establish retail distribution and partnerships with major groups including Big W, Harvey Norman and David Jones. Mr Standfast exceeded all KPI's and delivered unprecedented growth to the business in this contract period.

Mr Luttringer will be seconded to the Company by Triple R to assist in the implementation and operation of the alliance. Mr Luttringer has over 30 years' experience working with overseas manufacturers and managing major retails clients, in particular in the areas of product development, sourcing and sales management. Mr Luttringer has developed long standing successful relationships with major retail chains such as Big W and Harvey Norman and he has worked extensively with China based factories developing a wide range of consumer products.

Most recently Mr Luttringer has held general manager positions with several major brands and has exceeded growth and profit budgets. Mr Luttringer has just completed a very successful 3 year contract to build the retail store support for Australia's leading TV Direct marketer where he again exceeded expectations and KPIs.

Importantly Messrs Standfast and Luttringer also have a long business association with the principals of Triple R and the Company will benefit from their extensive experience and strong retail relationships.

Agreement reached for the Conversion of Debt to Equity

In order for the Company to be in a position to benefit from the success of the Triple R alliance and its renewed focus on its Australian operations, the Company is pleased to announce that agreement has been reached with its convertible note holders and other debt providers totaling approximately $2.5m to convert their outstanding debt into ordinary shares of the Company at a share price equal to $0.004 per share.

This debt to equity conversion removes all non-bank, interest bearing debt of the Company and is expected to save the Company approximately $285,000 in financing costs per annum and as importantly provides the Company with the required flexibility when examining its future finance requirements.

The total number of Shares to be issued as a result of the debt to equity conversion will be approximately 627,845,213.

The Company will immediately convert an amount $159,542 of outstanding debt into 39,885,662 shares pursuant to its 15% placement capacity, with the balance of the shares to be converted subject to shareholder and other regulatory approvals.

If the debt to equity conversion of $2.5m is successfully concluded then the resulting financial liabilities of the Company, based on the 30 June 2014 audited accounts, will be represented by a bank overdraft and trade finance facility totaling $766,000 and a non-interest bearing, unsecured related party loan of $644,000. The related party loan is repayable only out of profits of the Company to a maximum of 10% of Net Profit after Tax and subject to the working capital requirements of the Company.

Share Consolidation and Change of Company Name

Subject to shareholder approval, the Company proposes to consolidate its share capital on the basis of 5 current shares to 1 share (**1:5**).

Given the expansion of the Company's issued capital as a result of the proposed debt to equity conversion and the potential issue of additional shares if the performance milestones pursuant to the Triple R Alliance agreement are reached, the Company considers it appropriate to consolidate its share capital.

In addition the consolidated capital base will allow the Company to provide meaningful future equity related incentives to key staff and stakeholders once the Company has had a chance to analyse the success of the Triple R alliance and the effect the alliance has had on Company revenue. The table below outlines the pro forma issued capital of the Company on a pre and post 1:5 consolidation basis:

	Pre Consolidation Shares on Issue	**Post Consolidation Shares on Issue**	**%**
Current Shares on Issue	910,117,375	182,023,475	55.39%
Shares to be issued as a result of initial debt to equity conversion	39,885,662	7,977,132	2.43%
Shares to be issued for the balance of debt to equity conversion	587,959,551	117,591,910	35.79%
Shares to be issued to Triple R (or nominee)	50,000,000	10,000,000	3.04%
Shares to be Issued in Lieu of fees payable	55,000,000	11,000,000	3.35%
Total Shares on Issue	**1,642,962,588**	**328,592,517**	**100.00%**

Additional shares to be issued to Triple R subject to performance criteria being met (per above)	450,000,000	90,000,000	21.5%
Total Notional Shares on Issue	**2,092,962,588**	**418,592,517**	

In order to reflect the magnitude of the proposed restructure and the refocused nature of the Company's activities, the Company proposes to change its name from Multi Channel Solutions Limited to Bronson Group Limited. Bronson is a name that is well recognized in the market place and is also contained in the name of the Company's main operating Company, Bronson Marketing Pty Ltd

Next Steps

The Company is currently preparing a Notice of Meeting and Explanatory Memorandum, which will be sent to shareholders ahead of a meeting to be convened to consider all the required resolutions in relation to the proposed restructure.

As part of the information to be provided to shareholders, the Company will commission an Independent Expert Report as it is proposed that some of the debt holders will be issued shares in the Company in excess of 19.99% of the expanded issued capital. In addition Triple R will also exceed 19.99% of the expanded issued capital of the Company in the event that all the performance milestones are attained.

Des Smale

Chairman
Multi Channel Solutions Limited