



Multi Channel Solutions Limited
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Chairman's Address to Annual General Meeting
Monday 26^h November 2012, 2.30pm Sydney time

Good Afternoon Ladies & Gentlemen,

Thank you for attending our Annual General Meeting and thank you to all shareholders who sent proxies due to their inability to attend today.

I would like to provide you with a brief review of the last financial year and an insight into our plans for the future

The consolidated loss for the year ended 30th June 2012 as shown in the financial statements is \$307,093. This figure was impacted by the creation of a provision against the profit drawings in advance account, in Home & Business Consumer Products LLC amounting to \$620,648. This result was a significant turnaround from the results of financial year ended 30th June 2011.

The Australian operations have delivered a strong result with sales up 12.4% on last year. Regrettably, with the very tough economic environment, sales for the current year are trending down but we are confident that this will change. As you may be aware one of our major customers was placed in Administration with significant amounts owing to the Company. The loss of this distribution channel has also affected our sales performance to date. However this Company has re-invented itself under license from the Administrator and has now re-commenced trading with us.

Diversification has been a major goal for us, for some time. I am pleased to advise that we have started on a number of new projects which will give us a much broader business base. We have received purchase orders for the supply of plastic film products to a local Company. We propose marketing this product to several

potential customers throughout Australia. We also take delivery of two containers of Garden Stakes next month and we will be targeting all Hardware stores and Landscape suppliers

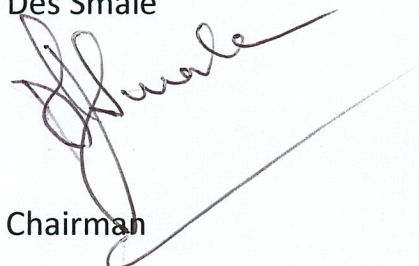
Cost cutting measures have also been implemented which will result in a reduction of our expenditure by over 23% based on average actual monthly expenses for the period 01 July to 31 October 2012. These savings will become effective 01 December 2012 and will realize over \$250,000 in the period December 2012 to June 2013

The US operation and in particular our new Feline Favorite Cat Litter product is taking a bit longer than expected to mature. Current customers include Fred's, Amazon and Sobeys in Canada. More recently the Ahold group has indicated that they will be placing orders and this group is expected to have a significant impact on our sales. There also appears to be keen interest in our Zeodry oil absorbent product.

We are confident that these new projects and cost efficiencies in both Australia and the US will contribute significantly towards improving Company turnover and profitability.

We hope to report to you on the outcome of these efforts. The Board remains highly optimistic about the future prospects for Multi Channel Solutions Limited.

Des Smale

A handwritten signature in black ink, appearing to read 'Des Smale', written over a horizontal line.

Chairman