



Multi Channel Solutions Limited
ABN 60 006 569 124
Unit 1, 2 Turbo Rd, Kings Park, NSW 2148 Australia
Ph (02) 9672 8777 Fax (02) 9671 1808

8th December 2011

The Manager
Company Announcements Office
Australian Stock Exchange Limited
10th Floor,
20 Bond Street,
Sydney,
NSW 2000

Dear Sir/Madam,

The Board of Directors wishes to advise shareholders that we have terminated the agreements with the supplier and the contract filler of the Desert's Sand Cat litter product. As advised earlier, these contracts were for a period of 5 years but as product deficiencies became more evident, we felt it was in the best interest of the Company to conclude these agreements. This has been affected without any penalties.

We are currently in an advanced stage of development of a new Cat Litter product which will address all these deficiencies. Additionally we will now be able to provide a superior product at a far more affordable price. Our premium price position for the Desert's Sand product was impacted by affordability in the current economic climate in America.

We are confident that we will be able to increase our distribution and profitability further with this new product and will keep you informed of its progress.

A handwritten signature in black ink, appearing to read "Des Smale".

Des Smale
Chairman