Multi Channel Solutions

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The Manager
Australian Stock Exchange Limited
Company Announcements Office

**FULL YEAR UPDATE – USA OPERATIONS ESTABLISHED WITH SIGNIFICANT REVENUE GROWTH CONTINUING**

The company is pleased to provide the following update in relation to the status of its activities in the six months to 30 June 2006. The company intends releasing its Full Year Reporting (Appendix 4E) on or before 15 September 2006.

**General Update**

On 11 July 2006, the company's name was changed to **Multi Channel Solutions Limited**("MCS") - formerly Sun Capital Group Limited, which now more accurately reflects the nature of the company's business; multi-channel marketing of consumer products with a focus on Direct Response TV ("DRTV") and electronic distribution channels.

In commenting on the refocusing of the company's activities Executive Director, Mr Clive Barrett said,

"Considerable activity undertaken by the company over the past year has laid the foundations for the implementation of the company's multi-channel approach to marketing consumer products in the USA and internationally."

"The company's main business undertaking is now focused on Direct Response Television marketing ("DRTV") and we are very excited about our prospects in operating in the world's largest DRTV market."

**Second Half Update**

The company experienced substantial revenue growth in the six months ended 30 June 2006 as results flowed from efforts earlier in the financial year to establish the company's international DRTV business.

In response to a nearly 300% increase in sales compared with the six months ended December 2005, the operating loss was substantially reduced. Moreover, the loss for the second half of 2006 included costs of approximately A$150K – A$200K attributable to the winding down of the Australian DRTV operation that will not be incurred in the 2007 financial year.

Strong revenue growth is expected as the company's first product MyGym is sold through other channels (retailers, catalogues etc) and as other products are introduced to the market.

| | **6 Months to 30 June 2006 Unaudited A$000** | **6 Months to 31 Dec 2005 A$000** | **% Movement** |
|---|---|---|---|
| Total Revenue | 5,462 | 1,410 | 287% |
| USA Revenue | 3,868 | 0 | NA |
| Operating Profit /(loss) | (600) | (1,289) | 53% |

**Strong DRTV sales of MyGym ahead of Multi-Channel Distribution**

In mid-January 2006, the company commenced marketing the MyGym Fitness System in the USA through the DRTV distribution channel. Results to date are ahead of expectations. Orders received for the June quarter were A$2.7 million, compared with A$1.8 million for the March quarter, a 47% increase. Commencing in August, MyGym will also be rolled out through additional sales channels including:

- live home shopping networks;
- catalogue/mail order companies and
- specialty, sporting goods stores and the major retailers.

**Multi Product Pipeline to be established**

As a result of management's extensive industry experience and contacts, MCS has a healthy pipeline of potential future products (each with international marketing rights in addition to rights for the USA), which are going through a careful and rigorous assessment and evaluation process. Mr Barrett said,

"The company only considers products in proven categories, particularly health and fitness, beauty and personal care, household and self-help."

"The next product to be launched will be Abtech, an abdominal trainer. The Abtech joint venture, in which MCS has a 77% interest, has the worldwide rights to the product and associated intellectual property."

Testing and amendments to the infomercial and offer are continuing and the web site is operating. The DRTV launch is due to commence in the northern fall. Following its attendance at the Electronic Retailing Association European Conference and Trade Expo in June 2006 the company received substantial interest from capable DRTV companies internationally for distribution rights in markets outside the USA.

**About Multi Channel Solutions Limited (MCS)**

Multi Channel Solutions (ASX: MUT) uses Direct Response TV (DRTV), electronic and other alternative media as well as traditional channels to market an expanding range of consumer products. The company's first product, MyGym Fitness System (www.mygymdirect.com), has been successfully launched, and a second product, Abtech (www.abtechdirect.com), is undergoing market testing and fine-tuning ahead of a planned rollout in the northern winter, subject to satisfactory test results. The company is rigorously assessing new opportunities with a view to quickly expanding its product pipeline.

MCS, through carefully planned product selection and consistent delivery of the fulfilment cycle, is now an established participant in the DRTV market and intends to become one of its leaders.

**About Direct Response TV (DRTV)**

The very large electronic retailing industry in the US generated sales in 2005 of more than US$250 billion of which Direct Response TV (DRTV) contributed US$182 billion (source www.retailing.org). DRTV sales have grown at 9% per annum over the past few years. DRTV combines the power of television with the precision of direct marketing techniques. The key elements of DRTV are product selection; production and broadcasting of an infomercial; order taking, fulfilment and customer support.

The directors and executives are pleased with the progress made to date and the significant steps being taken in order to grow the business in the USA and internationally.

**For further information please contact:**

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