



McPherson's Limited

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Market Update

In February 2012 when the Company last provided guidance to the market, profit before tax from continuing operations* for the full year to 30 June 2012 was expected to be approximately \$29.4 million, 20% below the prior year, as a consequence of both subdued market conditions and issues affecting the company such as retailer ranging strategies.

Due to the widely reported continued deterioration in the retail environment over the past four months, the Company now anticipates profit before tax from continuing operations for the full year to 30 June 2012 to be approximately \$26 million.

The management team has progressed a number of projects that will increase automation within the business and lead to improved productivity and customer service in the coming year. These projects include an upgrade of the Company's main Enterprise Resource Planning system, the introduction of a new Sales & Operations Planning platform, and a Sales Mobility solution. Enhancements to the warehousing and distribution network, so as to further streamline operations and thus reduce the cost of doing business, are also in progress.

The Company continues to focus on innovation and new product development to boost sales of its strong portfolio of well recognised brands, and remains committed to acquiring complementary consumer product brands and businesses.

While the current retail environment is clearly very challenging, the Directors remain confident that the current initiatives being pursued, including acquisitions, will improve both sales and operations, thus positioning the Company to generate future earnings growth.

Paul Maguire
Managing Director
McPherson's Limited

* Profit before tax from continuing operations excludes earnings from the recently demerged printing business, and non-recurring costs associated with the demerger.