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McPHERSON'S LIMITED
CHAIRMAN'S ADDRESS
EXTRAORDINARY GENERAL MEETING
16th January 2012

Shareholders are being asked to vote on two resolutions today, both of which need to be passed by the requisite majorities to allow the Company to proceed with the proposed demerger of its Printing business, MPG Printing Limited. Resolution two is subject to and conditional on resolution one being passed.

Shareholders have been provided with detailed and comprehensive information relating to the resolutions and your Director's unanimously recommend that you vote in favour of the resolutions. Directors and the Independent Expert are of the view that the demerger is in the best interests of McPherson's shareholders. The advantages of the demerger are covered in detail in the Notice of Meeting and the Independent Expert's Report.

Following the demerger McPherson's Limited will be a focused Consumer Products business with scope for a re-rating of its share price, which the Directors and others believe has been adversely affected by the ownership of two totally unrelated operations. It will be better placed to develop its core operations both organically and by acquisition. By way of example I am pleased to report that McPherson's Limited has recently entered into a conditional agreement to purchase the brands and inventory of Cosmex International Pty Limited, thus enhancing its position as a Consumer Products specialist in Personal Care. Cosmex is a leading marketer and distributor of Hair Care and Beauty products with ownership of the flagship brands Moosehead and Davinci and Australian distribution rights for other brands.

The incremental EBIT generated from the Cosmex acquisition is expected to be in the range of $2.5m to $3.0m per annum, which coincidentally is approximately the EBIT generated by the McPherson's Printing business during the 2010/11 financial year.

With regard to current trading, company performance continues to track in line with previous guidance, with the profit before tax for the full year to 30 June 2012 expected to be approximately 20% lower than last year and profit before tax for the first half year to 31 December 2011 expected to be 30% lower than the previous year as a consequence of both general market conditions and issues affecting the company such as retailer ranging strategies.

The company is well progressed with strategic initiatives to offset the challenges of the first half. These are expected to benefit earnings in the second half of the financial year, which are anticipated to be in line with the previous corresponding period.

If the demerger is approved, MPG Printing Limited will become a separate company, which is a more appropriate structure for it to pursue commercial opportunities in its sector. As previously announced MPG Printing has entered into an agreement to acquire the OPUS Group conditional on implementation of the proposed demerger and approval by MPG Printing shareholders. The proposed demerger is not conditional on the acquisition of OPUS.

I should stress that the resolutions today deal only with the demerger of MPG Printing. Following implementation of the proposed demerger, it is anticipated that a general meeting of MPG Printing shareholders will take place in March 2012 to vote on the acquisition of OPUS. Regardless of the outcome, MPG Printing intends to seek a listing of its shares on the ASX after this meeting. A separate Notice of Meeting, Prospectus and Independent Expert's Report in relation to the OPUS acquisition will be sent to MPG Printing shareholders in February.

It is necessary, and in shareholders' interests, for the aforementioned two transactions, being the demerger of MPG Printing Limited and the acquisition of OPUS, to be dealt with separately in order to meet the requirements of the Corporations Act, ASX and the ATO.