McPHERSON'S LIMITED

5 Dunlop Road
PO Box 4490
Mulgrave. Vic. 3170
Australia

Telephone: (03) 9566 3300
Facsimile: (03) 9574 9075

A.C.N. 004 068 419

CHAIRMAN'S ADDRESS
GENERAL MEETING OF SHAREHOLDERS
27th June 2003

The purpose of today's meeting is to seek shareholder approval under Listing Rule 7.1 for a placement of 10,400,000 ordinary shares at an issue price of $2.50.

The proceeds of the placement of $26 million, together with $5 million being raised by way of the Shareholder Purchase Plan, will be used to partly fund the acquisition of Cork Asia Pacific, due for settlement on 1st July 2003.

The balance of the acquisition price of $101 million, that is $70 million, will be debt funded through additional term borrowings from the ANZ Bank.

Your directors are firmly of the view that the acquisition of Cork's market leading beauty care and hair care products will not only add vigour and potency to our business mix but also accelerate McPherson's recent track record of superior performance.

That recent track record has consistently produced a high return on investment and excellent cash generation. The acquisition will not only enhance these key business drivers but will also provide the potential for strong organic growth as well as provide the opportunity to extract significant synergies.

Currently, McPherson's participation in low growth industries such as printing and housewares has dictated a reliance on identifying and implementing compatible acquisitions in order to generate acceptable growth.

As beauty care and hair care are both strong growth markets, the acquisition of Cork Asia Pacific provides a core source of future growth, which will continue to be supplemented by McPherson's search for appropriate clip-on acquisitions in all relevant business areas.

The important issue for shareholders is the forecast impact on McPherson's earnings per share.

Recent trading has exceeded expectations and, in the financial year to 30th June 2003, McPherson's earnings per share before amortisation are now projected to be at least 30 cents per share.

As an indication of the financial benefits of the acquisition, pro forma earnings per share before amortisation for the combined businesses are estimated to increase by around 5 cents per share despite the increased capital base.

This profit enhancement excludes the further potential benefits of an identified $6 million in anticipated synergies, although these are unlikely to have a significant impact on the business until the 2005 financial year.

Given the anticipated current and future benefits of the acquisition to McPherson's financial performance, your directors commend the acquisition to you and recommend that the share placement resolution be approved accordingly.

* * * * *