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ASX and MEDIA RELEASE

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McPHERSON'S AND PMP TO MERGE BOOK PRINTING OPERATIONS

McPherson's Limited is pleased to announce that contracts have today been executed with PMP Limited to merge McPherson's printing business (McPherson's Printing Group) with PMP's book printing operation, Griffin Press, which is expected to take effect from 29th June 2007 following completion of applicable regulatory processes. A merged entity will be formed to operate the combined book printing business, which will be 50% owned by each of McPherson's and PMP.

The combining of McPherson's and PMP book printing operations will create a major Australian producer of books and book related products with revenues of around $115 million, and will provide a highly efficient local alternative to offshore book printing. The new company will offer a full range of colour and mono printing in all book formats in addition to digital printing and binding capabilities, thereby offering customers greater flexibility and reliability.

The merged company will have equal Board representation from McPherson's Limited and PMP Limited and be headed by Mr. Alan Fahy, currently Chief Executive of McPherson's Printing Group. PMP, as a major operator in the Australian printing industry, will provide ongoing management input into the new company.

Completion of the transaction will result in net cash proceeds to McPherson's of around $20 million, with a consequent reduction in debt levels and improvement in gearing. Managing Director, Mr. David Allman said that the new combined business would be much better placed to offer enhanced service and produce significant operational advantages, providing improved protection against import competition. Mr. Allman added that the transaction would produce a modest non-recurring profit for the 2006/07 year, but more importantly would be earnings per share positive in future years and represented a very positive strategic development for McPherson's.

Chairman, Mr. Ray King, said that the reduced debt level would leave the Company better placed to develop the core consumer products business. He added that recent trading performance had continued as anticipated, and earnings for 2006/07 (excluding the one-off impact of the printing merger) remained consistent with previous guidance of pre-tax earnings in the range $27 to $28 million.

For further information, please contact Mr. David Allman, Managing Director, on telephone (03) 9566 3300 or facsimile (03) 9574 9083.