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MEDIA RELEASE

Wednesday, 13 February 2008

SALE OF MERINO COMPLETED

Mr John Cronin and Mr Jamie Harris, the Voluntary Administrators of Merino Pty Ltd, announced today that a sale of the business and assets of the company had been completed.

Merino is the fourth largest manufacturer of paper tissue and associated products in Australia. Merino's brands include 'Merino', 'Safe' and 'Earthwise'. Merino is a privately owned company established in 1939. Merino operated its paper tissue manufacturing business from Crestmead in Queensland.

The Crestmead site and associated business and assets have been sold to Encore Tissue, an established participant in the paper tissue industry based in Laverton North, Victoria. Encore Tissue was established in 1998 as an integrated highly efficient manufacturer of innovative tissue products. Encore Tissue is owned by the Holckner Family with members of the family involved in the day to day management of the business.

"The sale of the business and assets of Merino is an outstanding outcome in the context of the competitive paper tissue industry in Australia," Mr Cronin partner of the Brisbane office of McGrathNicol said.

"The financial difficulties experienced by Merino were primarily as a result of the very competitive paper tissue industry and not as a result of current economic conditions in Australia," said Mr Cronin.

"The integration of the Merino operations into the Encore Tissue business is the best opportunity to see the Merino brands and products remain available to the public," said Mr Cronin.

"The continued support from Merino's employees, unions, suppliers and customers was vital to maintaining operations and business value," Mr Cronin said.

It is expected that a meeting of creditors will be held next Friday, 22 February 2008.

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