

13th June 2006

The Manager
Companies Announcement Section
Australian Stock Exchange
Level 4
Bridge Street
SYDNEY NSW 2000

Via elodgement

Dear Sir/Madam

Media Release – European Market Outlook

Webster Limited has completed a successful sales season for onions in Europe and there is strong interest in Tasmanian walnuts.

Webster chairman Rod Roberts, who has just returned from Europe where he accompanied Webster Fresh Sales & Marketing Manager Nigel Carey, said today that sales and prices for Tasmanian onions this year were up on last year and the outlook for the future looked solid.

“Webster Fresh achieved a significant increase in prices for onions in Europe this year compared to last year but this was offset somewhat by movements in the value of the Australian dollar against the Euro,” Mr Roberts said.

“Supermarkets and consumers in Europe are geared to buying fresh southern hemisphere products to meet demand in their off growing season and this is likely to continue into the future,”

“However food quality and food safety are major issues in European markets”. Mr Roberts said.

Mr Roberts accompanied Mr Carey on one of his regular trade visits to assess the future of European markets for Tasmanian products, the relationship with Webster’s long-term customers and future opportunities to sell Tasmanian walnuts to meet European counter-seasonal demand.

Mr Roberts said, “There was strong interest in fresh Tasmanian walnuts to meet demand in the European off-season and we hope to develop this market over the next three years,”.

“We also investigated demand for a number of other vegetable crops,” he said.

“The trade visit reinforced that we face stronger competition from European onion growers because of better transport, storage and new varieties which have improved the shelf quality of their product.”

“A feature of this market is that supermarkets can buy late season European onions at much lower prices than they can our new season fresh onions”.

"What this means is that we also have to improve the quality of the produce that we provide if we are to compete in a market with strong EU farm lobbies and local patriotism. Issues associated with food miles and environmental factors are also receiving increased attention and we need to ensure that our offering represents value for clients and consumers alike."

Mr Roberts said that a potential positive for the Tasmanian industry was that whilst an extension of the season may be achievable the cost associated with longer term storage (particularly controlled atmosphere storage) is relatively high and the risks associated with quality deterioration, reduced shelf life, and increased wastage levels increase considerably. In addition to this there is an increasing focus by consumers on fresh, full flavoured and nutritious food, coupled with continued growth in demand in the organic food sector.

Webster Fresh have a very strong focus on food safety, product traceability, chemical reduction and client focussed IT developments – all of which are becoming increasingly important in the global food supply chain.

"Whilst our supply window has contracted from almost 4 months 15 years ago to between 8 to 10 weeks today, it is difficult for European growers to reduce it further without very significant cost in both spoilage and storage."

Mr Roberts said Webster also maintained an advantage over some other southern hemisphere suppliers because of the strong relationship it had built up over many years with its key supermarket customers.

This year Webster has introduced a new onion-growing contract that encourages growers to become increasingly focussed on market requirements.

"The new contracts are linked to the market and provide for a base payment as well as a share of the profits," Mr Roberts said.

Mr Roberts said that under the new contract growers would share in the profits during stronger years but also share the risks when market conditions were not as favourable.

"In all but one of the past six years, growers would have achieved higher returns under this system," he said.

Growers would also have an opportunity to take part in future market study tours and would be more aware of market conditions and requirements.

Mr Roberts said it was vital that growers and Webster work more closely together to combat competition and optimise results.

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