

WEBSTER

Media Release

Webster Reports Improved Half-Year Result

9 March 2006

Webster Limited today announced a half-year after tax profit of \$1.209 million. This result included a \$1.7 million profit from the disposal of the Elders Webster joint venture.

The underlying half-year result for the group, after adjusting for the one-off event, was a loss of \$514,000, which represents a significant improvement over the \$2.208 million loss for the same period last year. This continues the trend over recent years of a return to profitability following extensive restructuring of the company's operations.

Webster Limited Executive Chairman Rod Roberts said today the result reflects the heavy seasonality of the business, where the majority of earnings and cash flows were normally generated in the second half of the year.

"Webster remains confident of delivering a satisfactory return for shareholders in the current year," Mr Roberts said.

Webster is in good shape to benefit from a turnaround in performance with a markedly reduced interest expense and net debt to equity down to 38% compared with 64% at the same time last year.

Webster Limited comprises three operating divisions, Webster Fresh, Webster Walnuts and Webster Industry Services. The company also has a core 25.2% investment in Australia's largest salmon producer, Tassal Group Limited (Tassal).

"The Webster Fresh operation, with interests in onions and carrots has performed as expected. The significant pressure on prices during 2005 due to over supply by northern hemisphere producers appears to have cleared. There remains some price pressure, but it is currently consistent with expectations." Mr Roberts said.

At this early stage of the growing season, carrot yields and pack-outs are in line with expectations and better onion prices are anticipated to offset an expected lower yield of onions due to the wet spring.

The Tasmanian based Webster Walnut operations are progressing in line with expectations, with this year's harvest to occur in April.

"The significant walnut expansion into Griffith, NSW with Gunns Limited is progressing well. Power installation and dam construction are due to commence shortly and we have awarded the irrigation installation contract." Mr Roberts said.

An Australian Taxation Office product ruling is due shortly on the walnut Managed Investment Scheme. This is expected to be an attractive investment option for investors and the company is investigating the purchase of further land for the 2007 plantings.

“Our agreement with Gunns is expected to deliver significant profit gains over time and be cash-flow positive in the current year.” Mr Roberts said.

The Webster Industry Services division, with wholesaling operations in Bearings and Engineering products along with a Truck & Machinery arm, has performed below expectations for the first half of the year.

The bearings business has experienced a softer market with lower than anticipated sales to heavy industry, and the transport business has been affected by a national downturn in truck sales.

However, with improved gross margins and a restructured sales force, a more positive result is expected in the second half of the year.

Mr Roberts said that the sale of Webster’s interest in joint venture company Elders Webster Pty Ltd late last year had released capital to further grow existing operations.

This transaction resulted in a \$1.7 million profit on the sale and the receipt of \$2 million in cash.

Webster has also benefited from its investment in Tassal where it is the biggest shareholder in Australia’s largest salmon producer. Significant gains have been made as a result of the Tassal and Aquatas Pty Ltd integration in 2005.

“Improved domestic pricing, cost efficiency gains and stable growing conditions have resulted in the equity accounted profit from Tassal being in line with our expectations,” Mr Roberts said.

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