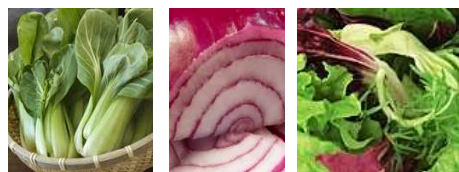


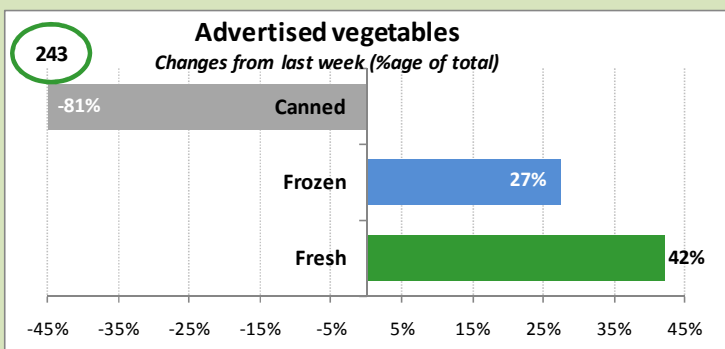
VEGINSIGHTS

Weekly vegetable market insights - A VIDP initiative



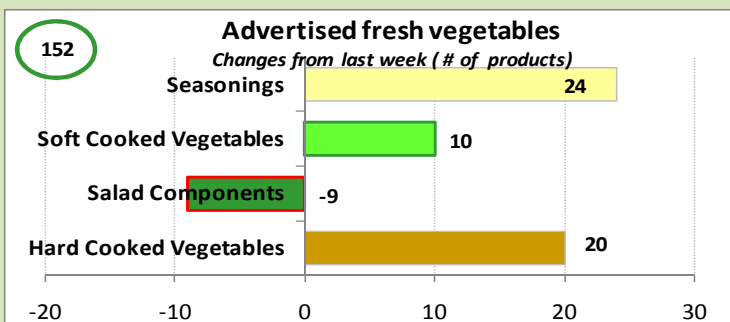
26 May 2010

Vegetable retail promotional activity



This week the exposure of vegetables increased by 4% to have 243 vegetable products advertised by the major retailers. This was driven by increases in Frozen at 27%, and Fresh 42% and a decline of 81% in Canned.

The number of fresh products advertised increased by 42% to 152. There were increases in the number of lines per category with the most significant being Seasonings at 24 and Hard Cooked Vegetables at 20.



Obama's anti-obesity campaign drives US

food manufacturers to cut 1.5 trillion calories from food products by 2015. This action is in response to the US president's anti-obesity campaign, which promotes the advantages of exercise and healthy eating and diet among children. Sixteen corporations, who account for about 25 per cent of the American food supply chain, have agreed to reformulate their food in different ways, such as addressing the fat and sugar content, introducing low-calorie options, and reducing the portion sizes of the present single-serve products.

This collaborative approach is causing some serious change that can impact the problem of childhood obesity in the US.

Headlines

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- Aussie Farmers Direct gets approval
- Tesco aims to double its Thai exports
- Obama's anti-obesity plan gets results
- Attitudes & values impact veg purchase

Aussie Farmers Direct to go

ahead with plant. The Aussie Farmers Direct (AFD) operation will be redeveloping the former Bonlac factory at Camperdown, Vic into a fresh milk processing plant. This is a significant investment by this home delivery business that reflects their confidence in future prospects. AFD have grown rapidly from a small base to evolve into a franchised model and are now clearly the largest home delivery service offering of fresh Milk, Vegetables, Fruit, Meat and Bread into Australian households. This development provides another level of capabilities that will strengthen this home delivery service.



AFD's willingness to invest to further backup the supply chain for fresh milk invites questions on whether it will make similar moves on other fresh categories like vegetables.

Tesco plans doubling its Thai fresh produce exports

to its worldwide networks in the next 5 years, taking into account the new opportunities from its store opening programmes in countries, including China, Korea, Japan, and Malaysia. The company has assessed the Thai food supply chain and appears to be comfortable with what can be delivered. This move will provide a significant boost for the Thai food sector and economy and is a welcome development given the declining export due to the recent economic and political problems.

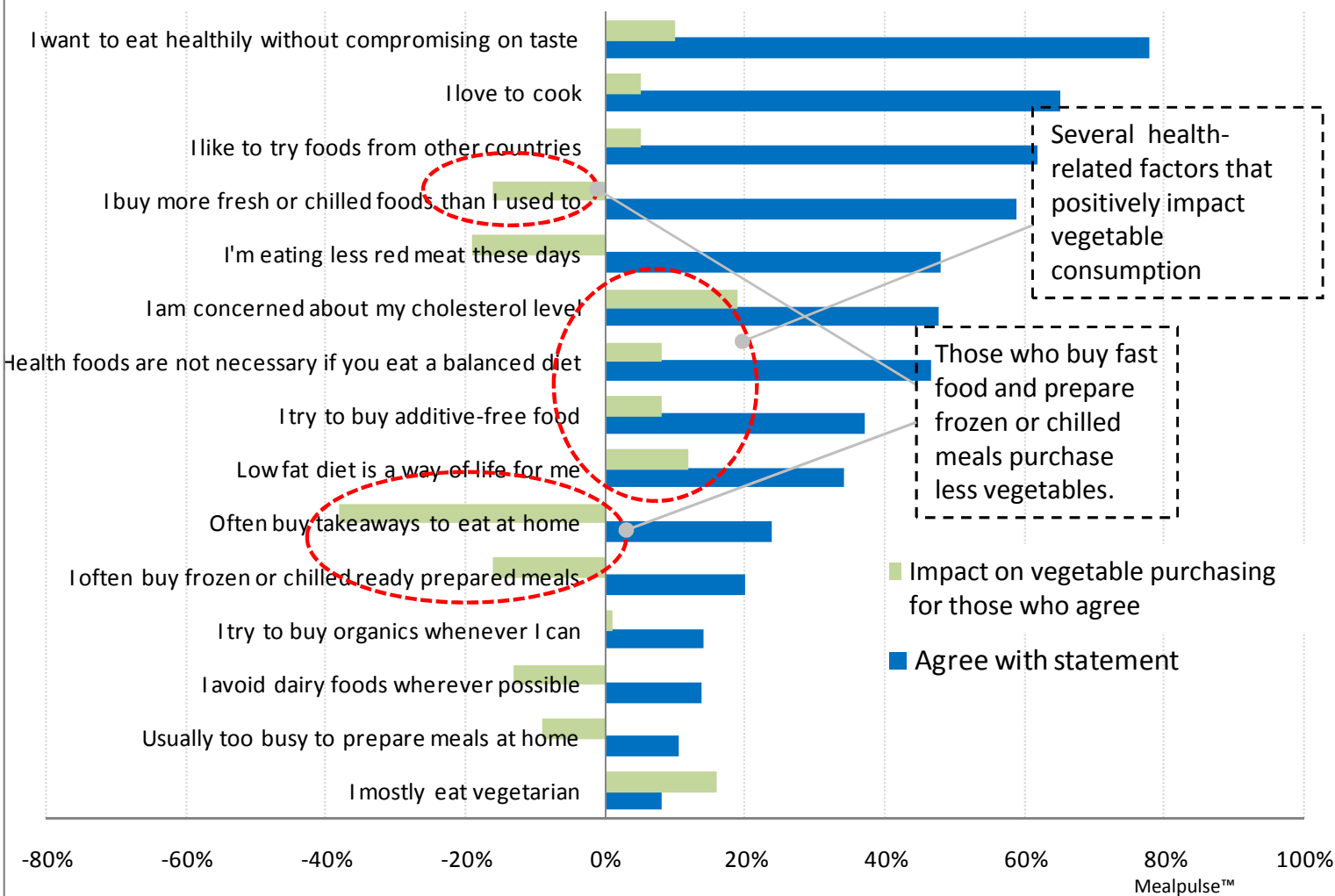
This is an example of a new level of export competition in the region, when a global retailer forms a relationship with the production resources in one country.

| Weather | Sydney | | | Melbourne | | | Brisbane | | | Adelaide | | | Perth | | |
|-----------------|---------|---------|---------|-----------|---------|---------|----------|---------|---------|----------|---------|---------|---------|---------|---------|
| Period | Last wk | This wk | Last yr | Last wk | This wk | Last yr | Last wk | This wk | Last yr | Last wk | This wk | Last yr | Last wk | This wk | Last yr |
| Highs & Lows °C | 9-27 | 9-20 | 10-21 | 6-21 | 4-19 | 7-23 | 10-27 | 11-24 | 13-26 | 4-23 | 8-23 | 6-21 | 2-23 | 5-27 | 6-26 |
| Rainfall | | | | | | | | | | | | | | | |
| Rainfall (mm) | 0 | 95 | 72.2 | 3.9 | 0.0 | 0.2 | 12.4 | 22.6 | 227.2 | 0.0 | 2.2 | 0.0 | 16.4 | 39 | 45.2 |

Vegetable buyer influences

Consumers have a range of attitudes and values they apply to how they buy and prepare food. Profiled below are Mealpulse panel responses to a range of questions combined with the impact of vegetable buying for the same respondent.

Attitudes & values that impact vegetable purchasing



These are consumers' views on a series of foods and consumer-related statements. It shows the proportion of the population that agrees with these statements, along with the impact these statements have on the vegetable purchasing of consumers who agree with them. The key findings include:

- Buyers of fast food and prepared frozen or chilled meals purchased less vegetables.
- There exists a group of diet-related views that do correlate with higher vegetable purchasing and presumable consumption.
- Eating healthily without compromising on taste, loving to cook, and enjoying food from other countries are views held by over 60% of all households, which translate into a minor positive impact on vegetable purchasing.

Clearly some consumer attitudes and values can reflect vegetable buying patterns.

This project has been funded by HAL using the National Vegetable Levy and matched funds from the Australian Government. It forms a part of the VIDP & aims to inform vegetable producers & supply chain stakeholders on market influences & developments in the past week. We recommend that those seeking to act on the basis of this information first obtain independent professional advice.