

WEBSTER LIMITED

Appendix 4E: Preliminary Final Report

Financial Year Ended 30 June 2014



It is recommended that this Preliminary Final Report is read in conjunction with the Annual Report for Webster Limited for the Financial Year ended 30 June 2013, the December 2013 Half-Year Report and any public announcements made by Webster Ltd and its controlled entities during the year ended 30 June 2014 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

Appendix 4E: Preliminary Final Report

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Appendix 4E Preliminary Final Report

WEBSTER LIMITED
ACN 009 476 000

Reporting Period

Financial year ended 30 June 2014 ("current period")
Previous corresponding period, financial year ended 30 June 2013

Results for Announcement to the Market

				(\$'000) Current Period
Income from Ordinary Activities	Up	6%	to	65,650
Profit after Income Tax Expense	Up	20%	to	8,328
Net Profit after Income Tax Attributable to Members	Up	20%	to	8,328
Dividends				
		Amount per Security (cents)	Franked Amount per Security (cents)	
Final dividend on Cumulative Preference Shares (payable 30/9/14)		4.5	4.5	
Final dividend on Ordinary Shares (payable 31/10/14)		2.0	2.0	
Record date for determining entitlements to Cumulative Preference Dividend				19-Sep-14
Record date for determining entitlements to Ordinary Dividend				7-Oct-14

Brief explanation of any of the figures reported above

Please refer to the "Commentary on Results for the Year" section which forms part of the Appendix 4E Preliminary Final Report for further information.

Dividends

Dividends paid by Webster Limited during the current reporting period

		Payment Date	Amount (\$'000)	Amount Per Security of foreign sourced dividend
Cumulative Preference Dividends	Final	30-Sep-13	18	0 cents
	Interim	31-Mar-14	18	0 cents
Ordinary Dividends	Final	31-Oct-13	2,012	0 cents
	Interim	30-Apr-14	2,012	0 cents

Net Tangible Assets per Security

	Current Reporting Period (cents)	Previous Reporting Period (cents)
Net Tangible Assets per Security	74.67	73.22

Annual Meeting

The annual meeting will be held as follows:

Place: Australian Institute of Company Directors, Bond Street, Sydney

Date: Tuesday 11th November 2014

Time: 11.00 a.m.

The attached Preliminary Final Report for the Year ended 30 June 2014, prepared pursuant to Appendix 4E and ASX Listing Rule 4.3A, is based on accounts which are in the process of being audited and therefore no audit report is attached. It is not expected that the accounts will be subject to dispute or qualification.

Commentary on Results for the Year

Webster Limited (Webster) today announced a consolidated pre-tax profit of \$11.98 million for the year ending 30 June 2014 as compared to \$9.92 million for the prior year. The reported pre-tax profit includes a net orchard valuation gain of \$2.09 million and a provisional write down of \$1.61 against debts associated with Walnut Managed Investment Schemes. After income tax, profit was \$8.33 million for the 2014 year. This compares with an after tax profit in 2013 of \$6.97 million.

Whilst walnut yields were below internal forecasts, margins on walnut sales out performed expectations. An internal yield review at year end indicated good tree health and directors anticipate that long term yield forecasts will be achieved.

During the year the company committed approximately \$20 million in capital investment programs. The company's new state of the art walnut cracking and value add facility at Leeton was completed on time and within budgeted parameters and the establishment of our newest walnut orchard, Avondale West was started. As well, the onion operation's packing line was upgraded with further automation and a new pre packing capability being added.

Historically Walnuts Australia has exported the majority of its crop on an in-shell basis to counter seasonal, Northern Hemisphere markets. In-shell packing and distribution commenced as normal in mid-March and management were able to take advantage of strong market demand and pricing opportunities, particularly in Europe. Although in lower volumes, the company continued in-shell supply arrangements into China. The new cracking facility, for the first time allowed Webster to enter the Australian domestic market, where the large majority of walnuts are sold as kernel, rather than in-shell. Australian consumers can now purchase Australian grown walnut kernel consistently. The company commenced a direct supply relationship to a major Australian retailer with Australian walnut kernel replacing previously imported product. This new capability has already demonstrated it's worth giving Webster the opportunity to value add and gain incremental margin opportunity. Macro walnut industry fundamentals remain positive with global demand remaining firm and strong pricing.

Establishment of and planting on our newest orchard property, Avondale West in the Riverina is well advanced with preparatory work occurring towards the end of the year and tree planting commencing after year end in August 2014. Major infrastructure and improvements are in place including the construction of an 800 mega litre on-orchard water storage dam, three phase power installation, irrigation infrastructure and site preparation for tree planting. The property is planned to be established over 3 years and the company's walnut nursery operation has been expanded to meet tree demand.

Onions are grown across Northern Tasmanian and planting occurs between May and September each year with August being the primary month for drilling onion seed. The 2014 crop was adversely affected with a wetter and cooler than normal 2013 spring that delivered the highest rainfall in August in thirty years. These conditions resulted in difficulties getting the onion crop planted to schedule and established. Cool temperatures at the beginning of summer resulted in slower than normal crop growth and the lifting and the harvesting process commenced later than ideal resulting in Webster's Field Fresh Tasmania operation not meeting yield targets along with some stress on crop quality. The 2015 crop planting is well advanced with climatic conditions favourable to date resulting in Field Fresh Tasmania being ahead of its planting schedule.

Capital investment in the onion packing operation in FY2014 to install pre packing capability and to modernise and update the main packing line concludes a three year capital update program of over three million dollars of capex invested in the operation over the last three years. This capability has enabled direct supply to a major Australian retailer to commence. This assists delivering on the strategic purpose of rebalancing the export/domestic sales mix.

During the year the previously announced change of leadership in the company took place. Managing Director Leigh Titmus retired at the end of August 2013 and internal appointment John

Hosken succeeded him as Chief Executive Officer. Subsequently the leadership team was restructured recognising the growing importance of walnuts to Webster's earnings profile, the leadership group was bolstered with new appointments in the walnut operation, based primarily in the Riverina district of NSW.

Following an interim 1.5 cent dividend, directors are pleased to declare a final 2.0 cents per share, fully franked dividend on ordinary shares and a final 4.5 cents per share fully franked dividend on preference shares. The current outlook for Webster is positive and directors anticipate a continuation of earnings growth in the 2015 financial year.

Rod Roberts
Chairman
Webster Limited

Webster Limited
Consolidated statement of profit or loss and other
comprehensive income
For the financial year ended 30 June 2014

	Note	2014 (\$'000)	2013 (\$'000)
Continuing Operations			
Revenue	2(a)	54,897	52,867
Cost of sales		(28,927)	(26,453)
Gross profit		25,970	26,414
Other income	2(b)	8,668	4,742
Revaluation of non-current biological assets		2,085	4,165
Impairment of land and building assets		-	(2,486)
Provision for doubtful debts		(1,605)	-
Distribution expenses		(7,996)	(9,111)
Marketing expenses		(970)	(1,107)
Operational expenses		(9,519)	(8,662)
Administration expenses		(3,955)	(3,370)
Finance costs		(292)	(253)
Other expenses		(409)	(410)
Profit before income tax expense		11,977	9,922
Income tax expense		(3,649)	(2,955)
Net profit for the period from continuing operations		8,328	6,967
Other comprehensive income, net of income tax			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Gain/ (loss) on cash flow hedges taken to equity		1,023	(1,121)
Other comprehensive gain/(loss) for the period (net of tax)		1,023	(1,121)
Total comprehensive income for the period		9,351	5,846
Profit attributable to:			
Owners of the parent		8,328	6,967
Non-controlling interests		-	-
Total comprehensive income attributable to:			
Owners of the parent		9,351	5,846
Non-controlling interests		-	-
Earnings per share			
Basic (cents per share)		6.21	5.62
Diluted (cents per share)		6.07	5.62

Notes to the financial statements are included on pages 9 to 14.

Webster Limited
Consolidated statement of financial position
As at 30 June 2014

	Note	2014 (\$'000)	2013 (\$'000)
Current Assets			
Cash and cash equivalents	6(a)	2,242	15,269
Trade and other receivables		22,102	14,738
Other financial assets		309	-
Inventories		18,271	12,034
Other assets		547	550
Biological assets		464	-
Total current assets		43,935	42,591
Non-Current Assets			
Trade and other receivables		2,947	3,541
Property, plant and equipment		50,783	40,086
Biological assets		31,635	27,661
Investment property		819	824
Deferred tax asset		2,586	3,037
Intangibles		5,414	4,758
Total non-current assets		94,184	79,907
Total assets		138,119	122,498
Current Liabilities			
Trade and other payables		10,259	9,929
Borrowings		9,111	318
Current tax liability		1,612	1,234
Other financial liabilities		-	1,153
Provisions		1,393	1,484
Total current liabilities		22,375	14,118
Non-Current Liabilities			
Borrowings		489	700
Deferred tax liability		6,756	4,656
Provisions		56	53
Total non-current liabilities		7,301	5,409
Total liabilities		29,676	19,527
Net assets		108,443	102,971
Equity			
Issued capital	3	73,458	73,458
Reserves		361	(807)
Retained earnings		34,624	30,320
Total equity		108,443	102,971

Notes to the financial statements are included on pages 9 to 14.

Webster Limited
Consolidated statement of changes in equity
For the financial year ended 30 June 2014

	Share capital (\$'000)	Properties revaluation reserve (\$'000)	Cash flow hedging reserve ¹ (\$'000)	Equity settled employee benefits reserve	Retained earnings (\$'000)	Attributable to the owners of the parent (\$'000)	Total (\$'000)
Balance at 1 July 2012	53,114	819	314	-	25,485	79,732	79,732
Profit or loss for the year	-	-	-	-	6,967	6,967	6,967
Other comprehensive income for the year, net of tax	-	-	(1,121)	-	-	(1,121)	(1,121)
Total comprehensive income for the year	-	-	(1,121)	-	6,967	5,846	5,846
Payment of dividends	-	-	-	-	(2,951)	(2,951)	(2,951)
Equity issued under rights issue	20,344	-	-	-	-	20,344	20,344
Transfer to retained earnings	-	(819)	-	-	819	-	-
Balance at 30 June 2013	73,458	-	(807)	-	30,320	102,971	102,971
Profit or loss for the year	-	-	-	-	8,328	8,328	8,328
Other comprehensive income for the year, net of tax	-	-	1,023	-	-	1,023	1,023
Total comprehensive income for the year	-	-	1,023	-	8,328	9,351	9,351
Payment of dividends	-	-	-	-	(4,024)	(4,024)	(4,024)
Recognition of share based payments	-	-	-	145	-	145	145
Balance at 30 June 2014	73,458	-	216	145	34,624	108,443	108,443

1. The hedging reserve represents hedging gains or losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

Notes to the financial statements are included on pages 9 to 14.

Webster Limited
Consolidated statement of cash flows
For the financial year ended 30 June 2014

	Note	2014 (\$'000)	2013 (\$'000)
Cash Flows from Operating Activities			
Receipts from customers		49,568	59,338
Payments to suppliers and employees		(50,224)	(47,930)
Interest paid		(197)	(159)
Income tax paid		(1,171)	(903)
Net cash (used in)/provided by operating activities	6(e)	<u>(2,024)</u>	<u>10,346</u>
Cash Flows from Investing Activities			
Interest received		720	740
Payment for biological assets, property, plant and equipment		(18,780)	(9,497)
Proceeds from sale property, plant and equipment		2,535	144
Net cash used in investing activities		<u>(15,525)</u>	<u>(8,613)</u>
Cash Flows from Financing Activities			
Proceeds from/(repayment of) borrowings from others		8,900	(4,500)
Principal repayments under finance lease		(318)	(308)
Dividends paid		(4,060)	(2,987)
Proceeds from the issue of equity securities		-	20,344
Net cash provided by financing activities		<u>4,522</u>	<u>12,549</u>
Net (decrease)/increase in cash and cash equivalents		(13,027)	14,282
Cash and cash equivalents at the beginning of the financial year		15,269	987
Cash and cash equivalents at the end of the financial year		<u>2,242</u>	<u>15,269</u>

Notes to the financial statements are included on pages 9 to 14.

Webster Limited

Notes to the Financial Statements

For the financial year ended 30 June 2014

1 Summary of Accounting Policies

Statement of Compliance

The preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A, the disclosure requirements of ASX Appendix 4E, the *Corporations Act 2001*, Accounting Standards and Interpretations and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards (IFRS).

The preliminary final report does not include notes of the type normally included in an annual report and should be read in conjunction with the 30 June 2013 Annual Financial Report, the December 2013 Half-Year Financial Report and any public announcements made by Webster Ltd and its controlled entities during the year ended 30 June 2014 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

The preliminary final report was authorised for issue by the directors on 27 August 2014.

Basis of Preparation

The preliminary final report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts are rounded off to the nearest thousand dollars, unless otherwise indicated.

Significant Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the company's 2013 Annual Financial Report for the year ended 30 June 2013, other than as detailed below.

Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and are effective for the current annual reporting period.

Webster Limited

Notes to the Financial Statements

For the financial year ended 30 June 2014

1 Summary of Accounting Policies (continued)

Standards and Interpretations issued not yet effective

At the date of authorisation of the preliminary final report, a number of Standards and Interpretations were in issue but not yet effective.

AASB 9 'Financial Instruments' and the relevant amending standards

Effective for annual reporting periods beginning on or after 1 January 2017 and expected to be initially applied in the financial year ending 30 June 2018.

AASB 1031 'Materiality' (2013)

Effective for annual reporting periods beginning on or after 1 January 2014 and expected to be initially applied in the financial year ending 30 June 2015.

AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'

Effective for annual reporting periods beginning on or after 1 January 2014 and expected to be initially applied in the financial year ending 30 June 2015.

AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'

Effective for annual reporting periods beginning on or after 1 January 2014 and expected to be initially applied in the financial year ending 30 June 2015.

AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'

Effective for annual reporting periods beginning on or after 1 January 2014 and expected to be initially applied in the financial year ending 30 June 2015.

AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'

Effective for annual reporting periods beginning on or after 1 January 2014 and expected to be initially applied in the financial year ending 30 June 2015.

AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'

Effective for annual reporting periods beginning on or after 1 January 2014 and expected to be initially applied in the financial year ending 30 June 2015.

AASB 2014-1 'Amendments to Australian Accounting Standards'

Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles'

Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'

Part C: 'Materiality'

Effective for annual reporting periods beginning on or after 1 July 2014 and expected to be initially applied in the financial year ending 30 June 2015.

AASB 2014-1 'Amendments to Australian Accounting Standards' – Part D: 'Consequential Amendments arising from AASB 14'

Effective for annual reporting periods beginning on or after 1 January 2016 and expected to be initially applied in the financial year ending 30 June 2017.

Webster Limited
Notes to the Financial Statements
For the financial year ended 30 June 2014

1 Summary of Accounting Policies (continued)

Standards and Interpretations issued not yet effective (continued)

AASB 2014-1 'Amendments to Australian Accounting Standards' – Part E: 'Financial Instruments'

Effective for annual reporting periods beginning on or after 1 January 2015 and expected to be initially applied in the financial year ending 30 June 2016.

AASB 14 'Regulatory Deferral Accounts'

Effective for annual reporting periods beginning on or after 1 January 2016 and expected to be initially applied in the financial year ending 30 June 2017.

The company is currently reviewing the impact of these changes on the financial statements.

These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning after the effective date of each pronouncement.

Notes to the Financial Statements

For the financial year ended 30 June 2014

	Note	2014 (\$'000)	2013 (\$'000)
2 Profit from Operations			
Profit from operations before income tax includes the following items of revenue and expense:			
(a) Revenue			
Revenue from the sale of goods		42,779	41,119
Revenue from the rendering of services		11,040	10,315
Interest revenue		720	740
Rental revenue		358	693
Total revenue		54,897	52,867
(b) Other Income			
Gain on disposal of property, plant and equipment and biological assets		132	91
Increment in net market value of agricultural assets held as inventory		6,378	2,548
Net foreign exchange gains		450	574
Research and development grants		161	161
Other		1,547	1,368
Total other income		8,668	4,742
(c) Expenses			
Cost of sales		28,927	26,453
Interest on loans		162	95
Dividends on instruments classified as financial liabilities		35	35
Other finance costs		95	123
Total finance costs		292	253
Depreciation of non-current assets		2,963	2,827
Amortisation of non-current assets		179	252
Total depreciation and amortisation		3,142	3,079
3 Issued Capital			
137,987,365 (2013: 134,127,365) fully paid ordinary shares	(i)	73,458	73,458
		73,458	73,458
		2014	2013
		Number	Number
(i) <u>Fully paid ordinary share capital</u>			
Balance at beginning of financial year		134,127,365	93,306,317
Shares issued under rights issue	(ii) (iii)	3,860,000	40,821,048
Balance at end of financial year		137,987,365	134,127,365
Fully paid ordinary shares carry one vote per share and carry the right to dividends.			
(ii) <u>Share capital issued during the previous financial year</u>			
40,821,048 ordinary shares were issued during the financial year under 15% placement in September 2012 and a 1 for 4 rights issue in October 2012.			
(iii) <u>Share capital issued during the financial year</u>			
3,860,000 ordinary shares were issued during the financial year under the company's long term incentive plan (LTIP) in September 2013.			

Notes to the Financial Statements

For the financial year ended 30 June 2014

		Consolidated Cents per Share	
		2014	2013
4 Earnings Per Share			
Basic earnings per share	(a)	6.21	5.62
Diluted earnings per share	(b)	6.07	5.62
(a) Basic Earnings per Share			
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:			
		2014 (\$'000)	2013 (\$'000)
Earnings from operations	(i)	8,328	6,967
Weighted average number of ordinary shares for the purposes of basic earnings per share			
			134,127,365
			123,988,423
(b) Diluted Earnings per Share			
The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:			
		2014 (\$'000)	2013 (\$'000)
Earnings from operations	(i)	8,328	6,967
Weighted average number of ordinary and potential ordinary shares for the purpose of diluted earnings per share			
			137,278,817
			123,988,423
	Note	2014	2013
		Cents per share	Cents per share
		Total (\$'000)	Total (\$'000)
5 Dividends			
(a) Dividends paid during the year			
Fully paid ordinary shares			
Final Dividend - FY2013 paid Oct 2013			
(2013: FY2012 paid Oct 2012)		1.5	2,012
Interim Dividend - FY2014 paid Apr 2014			
(2013: FY2013 paid Apr 2013)		1.5	2,012
		4,024	2,951
(b) Dividends proposed			
The Directors have declared a fully franked 2.0 cents per share final dividend on ordinary shares, payable on 31 October 2014. The record date for determining entitlement to the ordinary dividend is 7 October 2014. The Directors have also declared a fully franked 4.5 cent per share dividend on cumulative preference shares payable on 30 September 2014. The record date for determining entitlement to the preference dividend is 19 September 2014.			
		Company	
		2014	2013
		(\$'000)	(\$'000)
(c) Franking credits balance			
Franking account balance at 1 July		3,367	3,764
Tax paid		1,171	875
Dividends paid		(1,740)	(1,272)
Franking account balance at 30 June		2,798	3,367
Franking credits that will arise from the payment of income tax payable as at the reporting date		1,612	1,234
Net franking credits available		4,410	4,601
Impact on franking account balance of dividends not recognised		(1,150)	(862)

Notes to the Financial Statements

For the financial year ended 30 June 2014

Consolidated	
2014	2013
(\$'000)	(\$'000)

6 Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

Cash and cash equivalents	2,242	15,269
	<u>2,242</u>	<u>15,269</u>

(b) Non-Cash Financing and Investing Activities

During the financial year, the consolidated entity did not acquire equipment via finance leases (2013: nil).

(c) Financing Facilities

Secured bank loan facilities reviewed annually and payable at call

- Amount used	8,900	-
- Amount unused	6,100	8,000
	<u>15,000</u>	<u>8,000</u>

(d) Cash Balances not Available for Use

There were no cash balances unavailable for use at balance date.

(e) Reconciliation of profit for the period to net cash flows from operating activities

Profit for the period	8,328	6,967
Depreciation and amortisation of non-current assets	3,142	3,079
Adjustments relating to agricultural/biological assets	(8,463)	(6,712)
Net profit on sale of non-current assets	(132)	(91)
Impairment of land and buildings	-	2,486
Interest income received or receivable	(720)	(740)
Debt instrument dividends paid	36	36
Movements in working capital:		
- Decrease/(increase) in receivables	(6,767)	5,108
- Decrease/(increase) in inventories	(323)	(1,457)
- Increase/(decrease) in payables	328	232
- Increase/(decrease) in provisions	(88)	(573)
- Increase/(decrease) in tax balances	2,635	2,011
Net cash flows (used in)/ from operating activities	<u>(2,024)</u>	<u>10,346</u>

7 Segment Information

The company has a single reportable segment for continuing operations as the companies remaining products have similar characteristics and are similar in the nature of the production process, the methods of distribution and the class of customer supplied.

8 Subsequent Events

The directors are not aware of any matter or circumstance that has arisen, other than that which has been described above, that has significantly or may significantly affect the operations of the consolidated group, the results of those operations or the state of affairs of the consolidated group in subsequent financial years.

Compliance Statement

- (a) This preliminary final report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Interpretations and other standards acceptable to the ASX.
- (b) This preliminary final report and the accounts upon which the report is based, use the same accounting policies.
- (c) This preliminary final report gives a true and fair view of the matters disclosed.
- (d) This preliminary final report is based on financial statements, which are in the process of being audited. It is not expected that the financial statements will be subject to dispute or qualified.
- (e) The entity has a formally constituted audit & risk committee.

A handwritten signature in black ink, appearing to be 'R J Roberts', with a long, wavy horizontal line extending to the right.

R J Roberts
Chairman
Webster Limited
27 August 2014