

TAKING  
**AUSTRALIAN**  
PRODUCE TO  
THE **WORLD**

ANNUAL  
REPORT  
**2013–14**



**WEBSTER**



# > 50th Australian Export Awards

**2012 NATIONAL WINNER**

EMERGING EXPORTER

WALNUTS AUSTRALIA

# > 51st Australian Export Awards

**2013 NATIONAL WINNER**

AGRIBUSINESS

WALNUTS AUSTRALIA



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# WALNUTS

Webster Limited (Webster) operates an integrated food and farming operation with key product ranges of walnuts, operating under the Walnuts Australia brand, and onions, under the Field Fresh Tasmania brand. Both products share financial and sales and marketing functions, as well as various production functions. Both have market leadership positions in Australia.

Webster's walnut operations have grown further in FY14. Owning or managing 2,200 ha of established orchards in NSW and Tasmania and with another 1,000 hectare property under development in NSW Webster operates a fully vertically integrated operation, including all aspects of orchard establishment and maintenance, harvesting and processing, grading and packing together with sales and marketing. Walnuts Australia is now an established, large scale operator and is building a presence in the global walnut industry. In the year under review the company owned or managed just under 700,000 trees that produced nearly 7,000 tonnes of in-shell walnuts. From present hectares, production is forecast to progressively rise to over 17,000 in-shell tonnes from over 975,000 trees by 2025.

Major infrastructure and improvements during the year saw the company committing approximately \$18 million in walnut 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 its cost budgets. The establishment of Webster's newest walnut orchard, Avondale West, commenced in the final quarter of the 2014 year. 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 achieved the flexibility and provided the opportunity to both value add and gain incremental margin opportunity.

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 during harvest in mid-March and management were able to take advantage of strong market demand and pricing opportunities, particularly in Europe. The company also continued in-shell supply arrangements into China. Macro walnut industry fundamentals remain positive with global demand and pricing remaining firm.

Following the success in late 2012 when Walnuts Australia was named National Emerging Exporter of the year the company was again recognised, this time as the winner of the 2013 Australian Agribusiness Exporter of the Year. Winning an Australian Export Award distinguishes Webster Limited in international markets and is a mark of recognition from both the Australian Government and the peak body for chambers of commerce and industry associations.

International visits play an important role in our marketing plan and this year Australia hosted the International Nut Congress in Melbourne. Over 860 international tree nut and dried fruit delegates attended the congress and Webster's Walnuts Australia was represented and hosted a trade stand during the event. A total of over 120 international delegates visited the company's Leeton orchard and the newly commissioned walnut cracking facility, providing an important opportunity to showcase both quality and capability to a global customer audience.

Riverina walnut orchards were subject to late spring cold and then intense periods of prolonged heat as they progressed towards harvest. However, the 2014 crop yielded above the prior year.



PURPOSE BUILT AND COMMISSIONED  
IN MARCH 2014, WALNUTS AUSTRALIA'S  
NEW STATE-OF-THE-ART WALNUT  
CRACKING AND PROCESSING FACILITY  
WILL ENABLE WALNUTS AUSTRALIA  
TO SUPPLY FRESH WALNUT KERNEL  
TO ITS CUSTOMERS.

# ONIONS

Field Fresh Tasmania (Field Fresh) is a vertically integrated specialist grower and marketer of onions with more than 35 years industry experience. Primary markets are Northern Hemisphere countries, where again, a counter seasonal market opportunity exists. Local production in targeted countries cannot meet demand for fresh, new season product from their old season stored product. In 2014 Field Fresh exported onions to 14 countries.

Tasmania is well suited to produce a firm, good quality onion suitable for export and long storage. Through a combination of contract growers and leased land Field Fresh Tasmania produces approximately 20% of the Australian onion crop each year. 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 wetter and cooler than normal growing conditions 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. Although not meeting internal financial targets, onions contributed positively to the company's result. The 2015 crop planting program has made a positive start with seed drilling well advanced at the end of August and with climatic conditions favourable to date, resulting in Webster being ahead of its planting schedule.

Capital investment in the onion packing operation in the year under review included expansion of storage area, new sizing and topping infrastructure, precision lifting and the installation of a modern pre pack line allowing the onion business to pack in retail format for the first time. This concluded a three year capital update program of over three million dollars. The new pre packing capability has also assisted on delivering on the strategic purpose of rebalancing the export/ domestic sales mix. Direct supply commenced to a major Australian retailer for the first time.

Export sales remain an important component of onion sales mix and the company remained the nation's largest exporter of onions in 2014. Having nearly forty years industry experience Field Fresh Tasmania services Northern Hemisphere, counter seasonal markets. Webster established permanent in-market representation in Europe to support the customer base and the business program. Permanent representation is also maintained in the Japanese market.

Addressing risk and supporting production plans, the company's onion operation is well positioned with forward contracts for the 2015 crop in place.



Field Fresh Tasmania's onion factory, Devonport, TAS.







# CHAIRMAN'S OVERVIEW

Webster Limited (Webster) has delivered consecutive earnings growth with 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 million 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 income tax profit in 2013 of \$6.97 million.

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 its cost budget. Late in the June quarter, the establishment of Webster's newest walnut orchard, Avondale West, commenced. As well, the onion operation's packing line was upgraded with further automation and a new pre packing capability being added.

The walnut orchards in the Riverina are still maturing and yields are expected to increase again on last year.

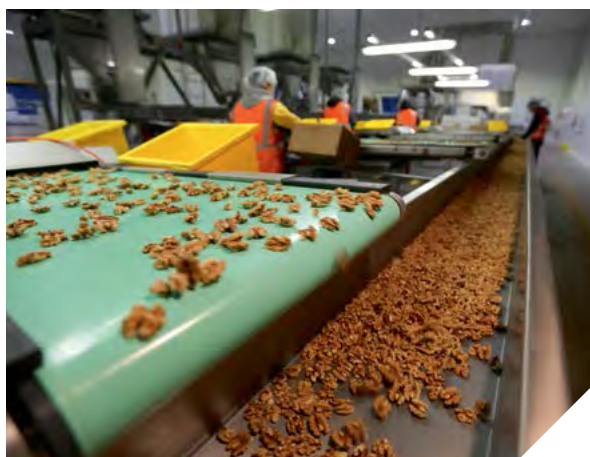
During the year the previously announced change of leadership in the company took place. Managing Director Leigh Titmus retired at the end of August 2013 and internal appointment John Hosken succeeded him as Chief Executive Officer. Subsequently the leadership team was restructured recognising the growing 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 generally positive and directors anticipate a continuation of earnings growth in the 2015 financial year.



Rod Roberts  
*Chairman*



Walnut's Australia kernel cracking facility, Leeton NSW.





DELIVERED CONSECUTIVE  
EARNINGS GROWTH WITH  
A CONSOLIDATED PROFIT  
OF \$11.980 MILLION

# OPERATIONAL HIGHLIGHTS FOR THE YEAR

- COMMISSIONING OF THE NEW, STATE OF THE ART WALNUT CRACKING PLANT
- HIGHER VALUE WALNUT KERNEL SALES
- WALNUT NURSERY EXPANSION
- NEW ORCHARD ESTABLISHMENT, AVONDALE WEST IN THE RIVERINA, NSW
- UPGRADES TO THE ONION PACKING OPERATION INCLUDING THE INSTALLATION OF PRE PACKING CAPABILITY
- DIRECT TO AUSTRALIAN MAJOR RETAILER ONION SUPPLY COMMENCED





\$20M

IN CAPITAL INVESTMENT  
PROGRAMS



# REVIEW OF OPERATIONS

## Key Messages

Webster Limited (Webster) has delivered its third consecutive year of earnings growth with 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 million 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 income tax profit in 2013 of \$6.97 million.

Walnut related earnings continue to rise. This in line with growing yields and director expectations. The global walnut industry outlook remains buoyant with the Southern Hemisphere walnut yields still representing less than 5% of total global production.

Onions also contributed positively to earnings. This was despite growing conditions presenting significant challenges and large shipments from international competitors into the major European markets. The company's onion operation is well positioned for success in 2015 with favourable winter planting conditions and a sound forward order book.

Currency has been less in the spotlight this year than previously. Despite this the AUD remains at relatively high levels with commensurate impact on the export business. To manage currency risk, Webster operates a foreign exchange committee and works to a board approved foreign exchange policy.

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 2014 year. Tree planting commenced 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 fully planted over 3 years and the company's walnut nursery operation has been expanded to meet tree demand.

## Seasonal Conditions

Whilst walnut yields increased over last year in our NSW orchards these orchards faced challenging growing conditions. The Tasmanian Swansea orchard met its yield forecast and delivered exceptional quality kernel. An internal yield review at year end indicated good tree health and directors anticipate that long term yield forecasts will be achieved in all orchards. Margins on walnut sales outperformed expectations and market demand, both domestically and globally, remains strong.

Onions are planted predominantly in late winter and early Spring each year, with August being the preferred month to drill the majority of the onion seed. In 2013 Tasmania recorded its wettest August in thirty years, resulting in a large quantity being drilled in September, outside of the ideal growing window. Subsequently yields were significantly reduced and quality was variable, resulting in a difficult season.



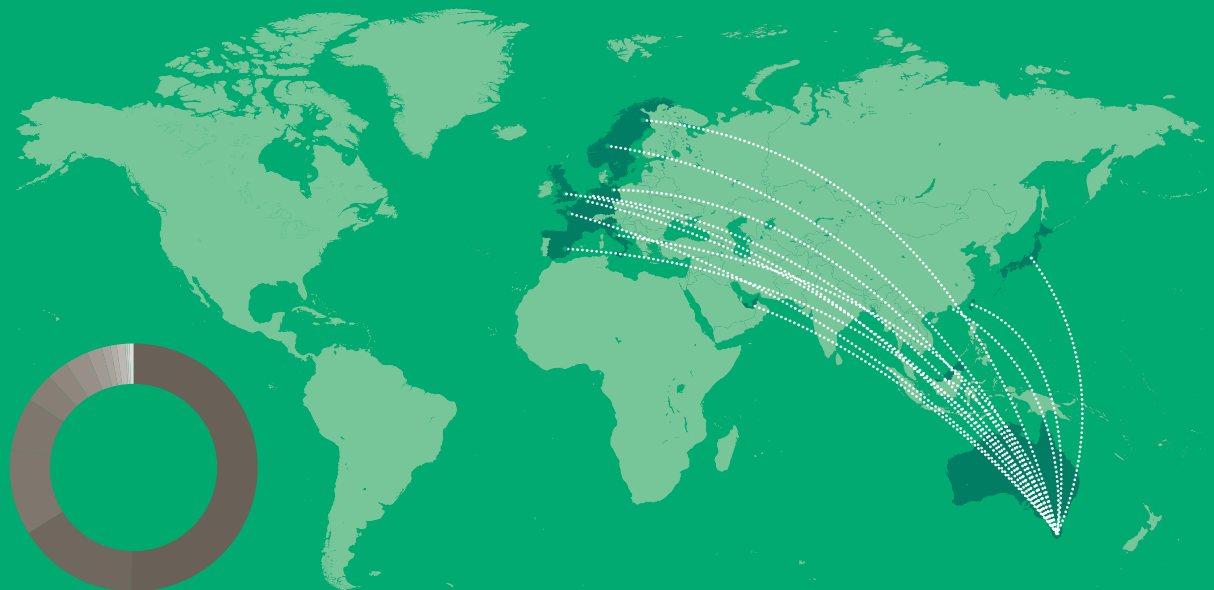


# SALES 2014

## WALNUT SALES 2014



## ONION SALES 2014





# OUTLOOK >







## THE BUILDING AND COMMISSIONING OF THE STATE OF THE ART WALNUT CRACKING FACILITY ON OUR LEETON ORCHARD COMPLETES A MAJOR PHASE IN THE COMPANY'S VERTICAL INTEGRATION OF ITS WALNUT BUSINESS.

This has already provided Webster with the planned flexibility, giving Webster the ability to market walnuts on an in-shell or kernel basis and in a variety of markets.

The planting and establishment of the company's newest walnut orchard, Avondale West, has commenced and will be accelerated to allow planting to be completed within three years. To achieve this, nursery operations have been expanded

The year ahead, whilst not as capital intensive as 2014, has approximately \$10 million planned for major projects. The development of our new Avondale West walnut orchard is our largest single project and will be completed over three years.

The outlook for Webster remains buoyant. Directors and management are focussed on intensive food and agri business and the company's balance sheet remains strong, with no funding presently required outside of budgeted seasonal facilities. The company is positioned to continue to grow. Directors anticipate further growth in earnings in the 2015 year.

# DIRECTOR'S REPORT

The directors of Webster Limited (ACN 009 476 000) submit herewith the annual financial report of the Company for the financial year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report follows:

## 1. Directors

The directors of the Company at any time during or since the end of the financial year are:

### **Rod Roberts – BEc, MBA, FAICD** (Non-executive Chairman)

Mr Roberts was appointed Managing Director in October 1996 until 2001 and Chairman from October 2001 to August 2007 and again from November 2008. Mr Roberts has previously held roles including Head of Corporate Finance at Bain & Co, Director of County NatWest Australia Limited, Chairman of Harris & Company Limited, Director of Tassal Group Limited and Deputy Chancellor of University of Tasmania. He is a director of the Australian Institute of Company Directors and President of the Tasmanian branch.

*Directorships of other listed companies held during the last three years:*

Tassal Group Limited – from March 2005 to December 2010

### **Simon Stone – BSc (Hons), PhD** (Non-executive Director)

Dr Stone was appointed non-executive director in May 2006. Dr Stone has had senior management roles in a wide range of industries including commercial banking, manufacturing, and information technology. He has been active in environmental management and served for many years on various Government Boards and Committees. Dr Stone has also gained experience in developing new international markets through his role in the establishment of the Yellowtail Kingfish industry in Australia. He has a PhD in plant biology.

**Chris Corrigan – BEc** (Non-executive Director) Mr Corrigan was appointed non-executive director in November 2007 until July 2010 and again from 15 October 2012. Mr Corrigan was Managing Director of Patrick Corporation Limited, Australia's largest stevedore company with interests in rail transportation and aviation from March 1990 to May 2006. Prior to that, he had a career with Bankers Trust spanning 20 years, including periods as Managing Director of Bankers Trust in Australia and for the Asia-Pacific region. In September 2011, Mr Corrigan was appointed Chairman of Qube Logistics Holdings Limited.

*Directorships of other listed companies held during the last three years:*

Consolidated Media Holdings – from March 2006 to November 2012

Crown Limited – from July 2007 to November 2013

Qube Logistics Holdings Limited – from March 2011

**David Cushing – BCom, ACA** (Non-executive Director) Mr Cushing was appointed non-executive director on 31 October 2012.

Mr Cushing is Executive Chairman of Rural Equities Limited, one of New Zealand's largest rural property companies, and is also the Managing Director of the private investment company H & G Limited. Mr Cushing was formerly an investment banker with National Australia Bank Limited subsidiary, Bank of New Zealand. Mr Cushing has considerable experience in the agricultural sector having previously been a director of horticultural company Fruited Supplies Limited, rural services company Williams & Kettle Limited and New Zealand Farming Systems Uruguay Limited. He has also acted as an alternate director of rural services and seed company PGG Wrightson Limited for the Chinese company Agria Corporation.



## DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

### **Chris Langdon – BCom (Econ)** (Non-executive Director)

Mr Langdon was appointed non-executive director on 14 March 2013.

Chris Langdon is a major shareholder and Chief Executive of Langdon Group Pty Ltd. The Langdon Group is 160 years old and is a leading company in its sector, primarily involved in food ingredient distribution, and herb & spice processing. Mr Langdon's early career was in investment banking with roles in Australia, London and New York. Since the early 1990s, apart from his corporate role at Langdon Group, Mr Langdon has been involved in various external corporate directorships. He is a current non-executive director of ASX listed Panoramic Resources Limited and of Touraust Corporation Pty Limited. He has also held directorships at the listed Text Media Limited and Fresh Food Industries Holdings Limited, as well as Nutshack Group Pty Ltd.

*Directorships of other listed companies held during the last three years:*

Panoramic Resources Limited – from August 2004

F.F.I. Holdings Limited – from November 2006 to October 2011

### **Leigh Titmus – BSc (Hons), MFor** (Managing Director)

Mr Titmus was appointed Managing Director in August 2010 and retired in August 2013. Mr Titmus has had 17 years' experience in the forestry industry and 24 years' in the agriculture industry. For the past 15 years' he has managed the growth and development of Webster's walnut interests, establishing more than 2,200 ha of walnut orchards, along with the associated infrastructure. In addition Mr Titmus is a past President of the Australian Nut Industry Council.

### **Joseph Corrigan – BA, MCA** (Alternate for Chris Corrigan)

Mr Joseph Corrigan was appointed alternate for Mr Chris Corrigan on 14 October 2013. Mr Corrigan holds a bachelor and masters in creative arts and has interests and experience in the agricultural industry particularly wheat, canola and beef. Mr Corrigan is also the managing director of an entertainment production company.

The above named directors held office during the whole of the financial year and since the end of the financial year except for:

- Mr L Titmus – retired 31st August 2013
- Mr J Corrigan – appointed 14th October 2013

Director's shareholdings are disclosed on page 25 of the Remuneration Report. There has been no change in Director's shareholding between the end of the financial year and the date of this Director's Report.



Riverina Orchard in Autumn

## DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

### 2. Company Secretary

Ms Susan Stegmann (BCom) joined Webster in early 2002 and was appointed to the position of Company Secretary in 2008. She is a member of CPA Australia and holds a Bachelor of Commerce from the University of Tasmania.

### 3. Principal Activities

The principal activity of the consolidated entity during the year was the production, processing and marketing of walnuts and onions.

### 4. Review of Operations

A detailed review of the operations of the consolidated entity during the year and the results of those operations is disclosed in the Review of Operations section of this Annual Report on pages 10.

### 5. Directors' Meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 7 Board Meetings, two Audit and Risk Committee Meetings, one Nominations and Appointments Committee Meeting, and one Remuneration Committee Meeting were held.

Directors	Board of Directors		Audit & Risk Committee		Nominations & Appointments Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
R J Roberts	7	7	2	2	1	1	1	1
S J L Stone	7	7	2	2	1	1	-	-
C D Corrigan	7	7	*	*	1	1	1	1
B D Cushing	7	6	2	2	*	*	1	1
C D Langdon	7	7	2	2	*	*	*	*
L F Titmus	2	1	*	*	*	*	*	*

\*Not a committee member





## DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

### 6. Corporate Governance

In fulfilling its obligations and responsibilities to its various stakeholders, the Board of Webster Limited recognises the need to implement and maintain a robust system of governance. The vest has established a program that aims to meet best practice in standards of accountability, disclosure, responsibility and transparency.

The Australian Stock Exchange ("ASX") Corporate Governance Council has released guidelines under which companies are now obliged to report on whether they comply with their published "Corporate Governance Principles and Recommendations", as outlined in those guidelines.

The Company complies with most of the principles outlined in the ASX guidelines and the Board remains committed to reviewing all practices to ensure that an appropriate and functional solution is in place for a company of Webster's size and type of operation.

Set out below is a summary of the Company's current practices in each of the areas identified in the ASX guidelines.

#### **6.1 Lay solid foundations for management and oversight**

The Webster Limited Board of Directors is responsible for the overall corporate governance of the consolidated group including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The relationship between the Board and management is a partnership that is crucial to the Company's long-term success. The separation of responsibilities between the Board and management is clearly understood and respected.

#### **6.2 Structure the Board to add value**

The Company has recognised the importance of having a balanced Board comprised of directors with an appropriate range of backgrounds, skills and experience. As at the date of this report the Board comprises five non-executive directors. It is the intention of the Board to maintain a majority of non-executive directors on the Board. The Board is of the view that directors possess an appropriate mix of skills, experience, expertise and diversity to enable the Board to discharge its responsibilities.

The Board considers the independence of directors to be assessed on their capacity to act in accordance with their duties and put the interests of the Company and its shareholders first, so that they are objectively capable of exercising independent judgement. The Board considers that each of the current directors has this capacity. The Board notes the definition of "independence" contained in the ASX guidelines and recognises that Mr R Roberts, Dr S Stone and Mr C Langdon meet the guidelines' definition of "independent".

The directors as a group are responsible for reviewing membership of the Board and for selecting new directors. The constitution requires that any new non-executive director appointed by the Board must seek election at the next Annual General Meeting.

The Board of Webster Limited is supported by the following committees. These committees, which each have their own charter and operating procedures, assist the Board in the discharge of its obligations by the review of financial reports, audit, risk, compliance, remuneration and the composition and self-appraisal of the Board itself. In addition, directors meet outside normal Board and Committee Meetings from time to time, in accordance with good corporate governance practice.

#### **Audit & Risk Committee**

The Audit & Risk Committee monitors internal control policies and procedures designed to safeguard company assets and to ensure the integrity of financial reporting. It advises on the establishment and maintenance of a framework of internal controls and appropriate ethical standards for the management of the consolidated group.

The Committee is also responsible for identifying areas of significant business risk and ensuring arrangements are in place to manage them. It reviews the annual and half-year financial statements before the Board considers them. It is also responsible for ensuring compliance with the *Corporations Act 2001*, ASX Listing Rules and any other matters with external governing or statutory bodies.

Among its specific responsibilities, the Committee reviews and advises the Board on the nomination and remuneration of external auditors and the adequacy of existing external and internal audit arrangements including the scope and quality of audits. The Audit & Risk Committee Charter is available on the Company's website and contains information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.

The Committee met two times during the 2013-14 year. Current members of the Audit & Risk Committee are Messrs S J Stone (Chairman), R J Roberts, B D Cushing and C D Langdon. Details of the names and qualifications of those appointed to the Audit & Risk Committee are contained on page 14 and 15 of the Directors' Report. The number of meetings of the Audit & Risk Committee and names of the attendees is contained on page 16.

The Chief Executive Officer, Chief Financial Officer and the external audit partner in charge of the Webster Limited audit attend meetings of this Committee by invitation.

The Committee also meets from time to time with the external auditors, independent of management.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## **Nominations and Appointments Committee**

The main responsibilities of the Nominations and Appointments Committee are to review the composition and membership of the Board and to make recommendations on new appointments.

Any director may, at any time, recommend a person to the Nominations and Appointments Committee for consideration as a director.

The current members of the Nominations and Appointments Committee are Messrs R J Roberts (Chairman), S J Stone and C D Corrigan. The Committee meets as required.

## **Remuneration Committee**

The Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to executive and non-executive directors and senior executives. The current members of the Remuneration Committee are Messrs B D Cushing (Chairman), C D Corrigan and R J Roberts.

## **6.3 Promote ethical and responsible decision making**

As part of the Board's continuing commitment to promote ethical and responsible decision making, the Company has a Code of Conduct which establishes a range of procedures and guidelines to ensure that the highest ethical standards, corporate behaviour, and accountability are maintained.

The Code of Conduct was established in 1994 to guide executives, management and employees in carrying out their duties and responsibilities.

The Code of Conduct covers such matters as:

- responsibilities to shareholders;
- conflict of interest;
- confidentiality;
- protection of the company assets;
- relations with customers and suppliers;
- employment practices; and
- responsibilities to the community.

Webster Limited has developed and adopted a Securities Trading Policy that prohibits employees trading the Company's shares due to knowledge of undisclosed information. At other times, directors and employees are permitted to trade in Webster Limited securities subject to compliance with the Securities Trading Policy, statutory and other relevant regulatory restrictions. Directors refer all trading of company shares by them to the Company Secretary for ASX lodgement requirements.

Directors may, after prior approval of the Chairman, obtain independent professional advice at the Company's expense for the purpose of the proper performance of their duties.

The company is an equal opportunity employer and recruits personnel from a diverse range of backgrounds. Workplace diversity includes, but is not limited to gender, age, race, ethnicity, disability and cultural background. The company is committed to further enhancing the Groups diversity and recognises that embracing diversity in its workforce contributes to the achievement of the Group's objectives.

Although the Company has a rich diversity amongst its employees, the Board recognise the need to improve the diversity at senior executive and Board level. As at 30 June 2014, the Chair and the Company Secretary of AGW Funds Management Limited (a wholly owned subsidiary of Webster Limited that acts as the Responsible Entity for three Managed Investment Schemes), the Company Secretary and the General Manager Sales (Field Fresh Tasmania) were all female. The overall number of female employees has increased over recent years and now females comprise approximately 33% of senior executives, 26% of permanent employees and 44% of seasonal/casual employees.

To further enhance the commitment to gender diversity the Company had developed the following objectives which will be monitored and evaluated by the Board.

- Aim to increase the number of females in executive positions which become vacant, subject to identifying candidates with appropriate skills
- Review means by which the Company can identify and develop high performing female employees to prepare them for senior/executive roles
- Increase the focus on gender participation across the Company

## **6.4 Safeguard integrity in financial reporting**

The Board is responsible for the integrity of financial data and has instigated an internal control framework to ensure accurate financial reporting of monthly actual results against budgets approved by directors and revised forecasts. In accordance with section 295A of the *Corporations Act 2001*, the Chief Executive Officer and Chief Financial Officer stated in writing to the Board that the consolidated entity's financial reports present a true and fair view, in all material respects, of the consolidated entity's financial condition and operational results and are in accordance with relevant accounting standards.

The Audit & Risk Committee provides assistance to directors in fulfilling their responsibility to the company's shareholders and potential investors in relation to the financial risk, audit, corporate accounting and reporting practices of the company.



## DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

### 6.5 Make timely and balanced disclosures

Webster Limited places considerable importance on accurate and effective communication with its existing and potential shareholders.

Webster Limited is committed to complying with the continuous disclosure obligations of the *Corporations Act 2001* and the ASX Listing Rules. The Company has developed and adopted a continuous disclosure policy and procedure, which ensures all material matters concerning the Company are conveyed immediately and effectively. Webster Limited understands and respects the fact that timely disclosure of relevant information is central to the efficient operation of the securities market.

Consistent with best practice disclosure and continuous disclosure requirements, all market-sensitive data, annual and half yearly reports and addresses by the Chairman and are released to the stock exchange through ASX On-Line.

Webster Limited also posts reports, newsletters, ASX releases, Annual General Meeting and other major presentations on its website - [www.websterltd.com.au](http://www.websterltd.com.au).

The external audit partner in charge of the Webster Limited audit is invited to attend the Annual General Meeting and is available to answer shareholder questions related to the conduct of the audit, and the preparation and content of the auditor's report.

### 6.6 Respect the rights of shareholders

Webster Limited is committed to providing shareholders with comprehensive information about the company and its activities, and to fulfilling its obligations to the broader market for continuous disclosure.

The Company publishes a comprehensive Annual Report incorporating financial and other information. This is sent to shareholders on request and is available to the public, as well as being posted on the Company's website. A Half-Year Report incorporating abbreviated financial data and market commentary is also made available on the same basis.

The Company maintains a website ([www.websterltd.com](http://www.websterltd.com)) that contains shareholder and stakeholder information in addition to information about the Company's products. Previous Annual and Half-Year Reports are available on the site.

The Company Secretary's Office is responsible for the distribution of material and responding to requests for information from shareholders and the public. The Board, and in particular the Chairman, bear responsibility for communication with shareholders and members. This occurs formally through the Annual Report and the Annual General Meeting. At other times, senior management and the Chairman liaise between the Board and key shareholders and analysts.

Notice of the Company's Annual General Meeting is sent to shareholders, as well as being posted on the website and released to the ASX. The Company's auditor attends the Annual General Meeting and is invited to answer relevant questions and make statements to the meeting. The directors and senior management attend all General Meetings and are available to shareholders and other stakeholders. The public and the media are welcome to attend General Meetings as observers.

### 6.7 Recognise and manage risk

The Audit & Risk Committee is responsible for the establishment of a group-wide risk profile. The objective is to identify, evaluate, and monitor material risks that the Company is facing, and to ensure effective management or monitoring of those risks.

The Board is responsible for the Company's system of internal controls and monitors the operational and financial aspects of the Company's activities through the Audit & Risk Committee. The Board and the Audit & Risk Committee are both involved in identifying key areas of risk such as insurance, interest rate and exchange exposure and ensuring that appropriate measures of protection are taken.

The Company has in place a number of risk management controls which include the following:

- risk management policy and practices;
- policies and procedures for the management of financial risk and treasury operations including exposures to foreign currencies, financial instruments, and movements in interest rates;
- guidelines and limits for the approval of capital expenditure and investments; and
- a comprehensive insurance program.

Management is required to provide regular reports on each of these matters.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## 6.8 Remunerate fairly and responsibly

The Company recognises that the process of enhancing shareholder value is dependent upon the performance of directors and management. Ensuring they each have the knowledge and information required to perform their duties, together with the regular review of performance, are important factors in meeting the Company's objectives.

The performance of individual directors, the Board as a whole, and key executives is reviewed annually by the Nominations & Appointments Committee.

As mentioned above, the Company has a Remuneration Committee that determines the remuneration of executive directors and oversees the remuneration packages of those executives reporting directly to the Chief Executive Officer. It also reviews all equity-based incentive schemes for approval of the Board.

The only benefits currently paid to non-executive directors are the base fee and superannuation, approved in aggregate by shareholders. There is no scheme for the payment of retirement benefits to non-executive directors.

## 7. Remuneration Report

The non-executive directors are responsible for reviewing the compensation arrangements for all senior executives and directors. The review is conducted annually, having regard to management performance and comparative, external compensation levels. Independent advice may be sought on compensation packages and directors' fees. The compensation of key management personnel includes salary/fees, movements in accrued annual and long service leave, benefits (including the provision of motor vehicle, superannuation and fringe benefits) and incentive schemes (including performance-related bonuses).

### 7.1 Remuneration Policy

The objective of the Company's executive remuneration policy is to set remuneration levels to attract and retain appropriately qualified and experienced directors and senior executives. The policy aligns executive rewards with achievement of specific business goals and key performance indicators, which include both financial and operational targets. Remuneration packages include a mix of fixed remuneration and performance-based remuneration. Senior executives may receive short-term incentives.

The Board has established a Remuneration Committee which makes recommendations to the Board on remuneration packages and other terms of employment for key management personnel. Remuneration packages are reviewed and determined with due regard to current rates and are benchmarked against comparable industry salaries. The remuneration committee may obtain independent advice with regard to the appropriateness of remuneration packages.

Non-executive directors receive fees but do not receive any performance-related remuneration. Non-executive directors' fees are reviewed by the Board annually to ensure that they are appropriate and in line with market expectations. The total amount of remuneration provided to non-executive directors must not exceed an aggregate maximum of \$500,000 per annum.

### 7.2 Performance Based Remuneration

#### Short-Term Incentives

A cash-based Short-Term Incentive Program (STI) continued to be adopted for the 2014 financial year. In the 2014 financial year \$326,724 of bonus payments have been provided for (2013: \$372,046). Bonuses were approved by the Remuneration Committee on 27 August 2014. The Program is applicable to key management personnel that act in an executive capacity. The executive STI Program is linked to the budget which aims to align executive performance to the financial performance of the Company.

Executives are eligible for personal incentives up to a maximum of 50% of their total cost to company (TCC) package based on achieving specific goals and/or KPIs. The Remuneration Committee is responsible for assessing whether the KPIs are met based on detailed reports on performance prepared by management. Financial targets ensure that reward is only available when value has been created for shareholders. Operational targets allow for the recognition of efficiencies that will provide for future shareholder value.

Short-term incentives are payable 50% following approval with the remaining 50% payable after 12 months on the condition the executive is still employed by the company.

#### Long-Term Incentives

On 27 August 2013 the Board adopted an executive Long Term Incentive Plan (LTIP) to provide eligible executives the opportunity to acquire shares in the company. Under the LTIP, eligible executives are invited to apply for a set number of Webster Ltd ordinary shares and a limited recourse interest free loan will be made available to them by the Company for this purpose. The Board may from time to time determine which executives are entitled to participate in the LTIP based on individual performance as assessed under the annual review process. Shares issued to eligible executives under the LTIP are subject to a holding lock from their issue date until applicable vesting conditions (eligible executive must be employed by the company) have been satisfied and the loans applicable to them repaid. The issue price of shares under the LTIP is determined on the basis of trading in Webster Limited ordinary shares over the 5 trading days prior to the date of issue. Shares issued under the LTIP rank *pari passu* with existing ordinary shares and are entitled to participate in dividends as well as future rights and bonus issues. The LTIP rewards participating executives against the extent of the consolidated entities achievement against improvement in share price and hence shareholder value over the long term. As at the end of the financial year no share rights had vested.



## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 2014

Details of LTIP share rights granted as compensation to key management personnel during the current financial year.

Executive	Share Rights Issued	Share Rights Forfeited	Issue/Exercise Price	Issue Date	Vesting/Expiry Date	Current Year Expense	Total Value Granted (i)
J C Hosken	625,000		\$0.86	05/09/13	05/09/2016	\$31,397	\$113,030
	625,000		\$0.86	05/09/13	05/09/2017	\$26,790	\$128,593
S J Stegmann	550,000		\$0.86	05/09/13	05/09/2016	\$27,630	\$99,467
	550,000		\$0.86	05/09/13	05/09/2017	\$23,576	\$113,162
D C Goullet	387,500		\$0.86	05/09/13	05/09/2016	\$19,466	\$70,079
	387,500		\$0.86	05/09/13	05/09/2017	\$16,610	\$79,728
R J Birtill (ii)	367,500	367,500	\$0.86	05/09/13	05/09/2016	\$0	\$0
	367,500	367,500	\$0.86	05/09/13	05/09/2017	\$0	\$0
	3,860,000	735,000				\$145,469	\$604,059

(i) The total value of benefits granted under the LTIP is calculated at the issue date using the Black Scholes pricing model. This value is allocated to the remuneration of key management personnel on a straight-line basis over the period from issue to vesting date.

(ii) R J Birtill resigned during the year therefore the full value of his share rights lapsed.

#### 7.3 Relationship between remuneration policy and company performance

The following tables set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2014. Analysis of the figures shows an increase in profits since 2010 with an improvement in the Company's performance over the last four years being reflected in an increase in the Company's share price over the same period.

	30 June 2014 (\$000)	30 June 2013 (\$000)	30 June 2012 (\$000)	30 June 2011 (\$000)	30 June 2010 (\$000)
Revenue	65,650	61,774	48,159	48,721	43,193
Net profit before tax	11,977	9,922	5,196	1,850	520
Net profit after tax (i)	8,328	6,967	3,998	6,357	400

	30 June 2014 (\$000)	30 June 2013 (\$000)	30 June 2012 (\$000)	30 June 2011 (\$000)	30 June 2010 (\$000)
Share price at start of year	\$0.70	\$0.50	\$0.37	\$0.355	\$0.60
Share price at end of year	\$0.86	\$0.70	\$0.50	\$0.37	\$0.355
Interim Dividend	1.50 cps	1.00 cps	0.50 cps	-	-
Final Dividend	2.00 cps	1.50 cps	1.50 cps	1.00 cps	-
Basic earnings per share (i)	6.21 cps	5.62 cps	4.31 cps	9.84 cps	.62 cps

(i) 2011 included a one of tax benefit of \$4.5m arising from grouping of the consolidated entity for tax purposes.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## 7.4 Key Management Personnel Details

The directors and other key management personnel of Webster Limited during the year were:

### Directors

- R J Roberts (Non-executive Chairman)
- S J L Stone (Non-executive Director)
- C D Corrigan (Non-executive Director)
- B D Cushing (Non-executive Director)
- C D Langdon (Non-executive Director)
- J D Corrigan (Alternate for C D Corrigan) - appointed 14 October 2013
- L F Titmus (Managing Director) – retired 31 August 2013

### Executives

- J C Hosken (Chief Executive Officer) – appointed 1 September 2013
- S J Stegmann (Company Secretary and Chief Financial Officer)
- D C Goulet (General Manager Operations, Walnuts Australia)
- K M Brown (General Manager Sales, Field Fresh Tasmania) – appointed 1 July 2013
- D M Jones (General Manager Sales, Walnuts Australia) – appointed 16 September 2013
- C D Barnes (General Manager Orchards, Walnuts Australia) – appointed 11 November 2013
- R J Birtill (General Manager Operations, Field Fresh Tasmania) – resigned 2 May 2014

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

JC Hosken is employed under a fixed term contract for a period of three years, expiring 31 August 2016, which includes a 90 day notice period for termination and a six month salary termination payment. SJ Stegmann is employed on a two year contract expiring 31 August 2015 which includes a 6 month notice period for termination. LF Titmus was employed under a fixed term contract during the year. His contract was for a period of three years, expiring 31 August 2013 and included a 90 day notice period for termination and a six month salary termination payment.



## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 2014

#### 7.5 Remuneration Details of Key Management Personnel

The following tables disclose compensation of key management personnel of the consolidated entity:

2014	Short - Term		Post Employment	Termination	Share - Based Amounts	Fixed Remuneration	Remuneration Linked to Performance
Key Management Personnel	Salary & fees	Bonus	Non -Monetary	Super	LTIP	Total	
<b>Directors</b>							
R J Roberts	110,870	-	4,603	10,255	-	125,728	100%
S J L Stone	52,883	-	4,603	21,442	-	78,928	100%
C D Corrigan	53,089	-	4,603	4,911	-	62,603	100%
B D Cushing	57,383	-	4,603	5,317	-	67,303	100%
C D Langdon	58,500	-	4,603	-	-	63,103	100%
L F Titmus (i)	16,455	-	6,449	28,996	131,075	182,975	100%
<b>Executives</b>							
J Hosken (ii)	203,870	83,750	23,336	17,928	-	387,071	78.4%
S J Stegmann	202,401	65,050	7,603	18,375	-	344,635	81.1%
D C Goullet	112,359	60,062	19,500	20,937	-	248,934	75.9%
K M Brown (iii)	112,745	14,637	19,500	10,175	-	157,057	90.7%
D M Jones (iv)	104,004	48,400	15,438	9,288	-	177,130	72.7%
C D Barnes (v)	92,098	54,825	12,350	7,989	-	167,262	67.2%
R J Birtill (vi)	100,705	-	16,250	9,063	36,906	162,924	100%
<b>Total</b>	<b>1,277,362</b>	<b>326,724</b>	<b>143,441</b>	<b>164,676</b>	<b>167,981</b>	<b>2,225,653</b>	

(i) Mr L F Titmus retired on 31st August 2013.

(ii) Mr J C Hosken was appointed on 1st September 2013.

(iii) Ms K M Brown was appointed on 1st July 2013.

(iv) Mr D M Jones was appointed on 16th September 2013.

(v) Mr C D Barnes was appointed on 11th November 2013.

(vi) Mr R J Birtill resigned on 2nd May 2014.

(vii) The value of the Long Term Incentive Plan benefits granted to key management personnel as part of their remuneration is calculated as at the issue date using the Black-Scholes pricing model. The amounts disclosed as part of remuneration for the financial year have been determined by allocating the issue date value on a straight-line basis over the period from issue date to vesting date.

## DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

2013	Short - Term		Post Employment	Termination	Share - Based Amounts	Total	Fixed Remuneration	Remuneration Linked to Performance
Key Management Personnel	Salary & fees	Bonus	Non -Monetary	Super	LTIP			
<b>Directors</b>								
R J Roberts	96,422	-	5,169	19,578	-	-	121,169	100%
S J L Stone	52,431	-	5,169	23,769	-	-	81,369	100%
C D Corrigan (i)	24,157	-	3,446	2,174	-	-	29,777	100%
B D Cushing (ii)	22,985	-	3,446	2,069	-	-	28,500	100%
C D Langdon (iii)	14,250	-	1,292	-	-	-	15,542	100%
E H Eves (iv)	53,413	-	2,584	4,807	-	-	60,804	100%
L F Titmus (v)	210,056	96,663	33,178	22,461	-	-	362,358	73.3%
<b>Executives</b>								
S J Stegmann	173,214	74,800	8,169	24,749	-	-	280,932	73.4%
R J Birtill	115,603	55,224	19,500	10,509	-	-	200,836	72.5%
J Hosken	125,029	72,615	19,500	11,042	-	-	228,186	68.2%
D C Goulet	114,557	72,744	19,500	21,834	-	-	228,635	68.2%
Total	1,002,117	372,046	120,953	142,992	-	-	1,638,108	

(i) Mr C D Corrigan was appointed on 15th October 2012.

(ii) Mr B D Cushing was appointed on 31st October 2012.

(iii) Mr C D Langdon was appointed on 14th March 2013.

(iv) Mr E H Eves resigned on 14th January 2013.

(v) Mr L F Titmus retired on 31st August 2013.

### 7.6 Transactions with Key Management Personnel

During the financial year, directors and their director-related entities, and executives purchased goods, which were domestic or trivial in nature, from the company on the same terms and conditions available to other employees and customers. Outside contracts of employment no key management personnel have entered into a contract with the Company during the financial year.



## DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

### 7.7 Equity Holdings of Key Management Personnel

The following tables discloses details and movements in equity holdings of key management personnel of the consolidated entity:

Number of ordinary shares (ORD) held directly, indirectly or beneficially	Type	Balance @ 1/7/13	Received on exercise of options	Share Rights LTIP	Net other change	Balance @ 30/6/14
<b>Directors</b>						
R J Roberts	ORD	5,143,187	-	-	-	5,143,187
S J L Stone	ORD	917,586	-	-	(455,000)	462,586
C D Corrigan	ORD	23,837,314	-	-	-	23,837,314
B D Cushing	ORD	15,931,136	-	-	(4,500,000)	11,431,136
C D Langdon	ORD	1,444	-	-	-	1,444
<b>Executives</b>						
J C Hosken	ORD	-	-	1,250,000	-	1,250,000
S J Stegmann	ORD	5,113	-	1,100,000	-	1,105,113
D C Goullet	ORD	1,232	-	775,000	-	776,232
K M Brown	ORD	-	-	-	-	-
D M Jones	ORD	-	-	-	-	-
C D Barnes	ORD	-	-	-	-	-
		45,837,012	-	3,125,000	(4,955,000)	44,007,012
Number of ordinary shares (ORD) held directly, indirectly or beneficially	Type	Balance @ 1/7/12	Received on exercise of options	Share Rights LTIP	Net other change	Balance @ 30/6/13
<b>Directors</b>						
R J Roberts	ORD	5,143,187	-	-	-	5,143,187
S J L Stone	ORD	711,444	-	-	206,142	917,586
C D Corrigan (i)	ORD	23,837,314	-	-	-	23,837,314
B D Cushing (i)	ORD	15,931,136	-	-	-	15,931,136
C D Langdon (i)	ORD	1,444	-	-	-	1,444
L F Titmus	ORD	59,919	-	-	16,615	76,534
<b>Executives</b>						
S J Stegmann	ORD	3,965	-	-	1,148	5,113
R J Birtill	ORD	-	-	-	-	-
J C Hosken	ORD	-	-	-	-	-
D Goullet	ORD	986	-	-	246	1,232
		45,689,395	-	-	224,151	45,913,546

(i) Opening balances for C D Corrigan, B D Cushing and C D Langdon are as at their respective appointment dates.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## 8. Issue of Shares

In September 2013, 3,860,000 ordinary shares were issued under the Companies Long Term Incentive Plan (2013: 40,821,048 shares were issued via a 15% placement and a one for four rights issue).

## 9. Share Options

No shares of any controlled entity were issued during or since the end of the financial year by virtue of the exercise of any options.

No new options over the shares of the Company or any controlled entity have been granted by the Company or any controlled entity during or since the end of the year.

## 10. Dividends

During the year, directors declared and paid the following dividends:

- Dividends of 4.5 cents per share on the cumulative non-redeeming preference shares were paid on 30 September 2013 and 31 March 2014.
- Dividends of 1.5 cents per share on ordinary shares were paid on 31 October 2013 and 30 April 2014.

The directors have declared a fully franked dividend on ordinary shares of 2.0 cents per share, payable on 31 October 2014. The record date for determining entitlement to the dividend is 7 October 2014.

## 11. Changes in State of Affairs

Other than as disclosed in this report or in the accompanying financial statements and notes thereto, there has been no significant change in the state of affairs of the consolidated Group during the year.

## 12. Subsequent Events

The directors are not aware of any other matter or circumstance that has arisen since the end of the financial year, which 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.

## 13. Likely Developments

Likely developments in the consolidated Group's operations known at the date of this report have been covered elsewhere within this report. In the directors' opinion, any further disclosure of information would prejudice the Company's interests.

## 14. Officers' Indemnities and Insurance

During the current financial year the Company paid a premium in respect of a contract insuring the directors of the Company (as named above), the Company Secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

## 15. Environmental Regulations

The consolidated group operates various processing facilities that are subject to environmental controls. There are no known issues that are outstanding with regulatory authorities and the group is operating within accepted guidelines.

## DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

### 16. Non-Audit Services

The directors are satisfied that the provision of non-audit services during the year by the auditors (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 4 to the financial statements.

The directors are of the opinion that the services disclosed in note 4 to the financial statements do not compromise the external auditor's independence, based on the advice received from the Audit & Risk Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- None of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditors own work, acting in a management or decision- making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

### 17. Rounding Off of Amounts

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 in the Directors' Report and the Financial Report have been rounded off to the nearest thousand dollars unless specifically stated to be otherwise.

### 18. Independence Declaration by Auditor

The auditor's independence declaration is included on page 28.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors



R J Roberts  
Chairman  
Hobart, 24 September 2014



# INDEPENDENCE DECLARATION TO THE DIRECTORS OF WEBSTER LIMITED

**Deloitte**

Deloitte Touche Tohmatsu  
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The Board of Directors  
Webster Limited  
349 Forth Road  
FORTH TAS 7310

24 September 2014

Dear Board Members

## Webster Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Webster Limited.

As lead audit partner for the audit of the financial statements of Webster Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

  
DELOITTE TOUCHE TOHMATSU

**Carl Harris**  
Partner  
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation

Member of Deloitte Touche Tohmatsu Limited

# INDEPENDENT AUDIT REPORT TO THE MEMBERS OF WEBSTER LIMITED



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## Independent Auditor's Report to the members of Webster Limited

### Report on the Financial Report

We have audited the accompanying financial report of Webster Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 31 to 73.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

# INDEPENDENT AUDIT REPORT TO THE MEMBERS OF WEBSTER LIMITED

## Deloitte.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Webster Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### *Opinion*

In our opinion:

- (a) the financial report of Webster Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

### **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 20 to 25 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### *Opinion*

In our opinion the Remuneration Report of Webster Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

  
DELOITTE TOUCHE TOHMATSU

**Carl Harris**  
Partner  
Chartered Accountants  
Hobart, 24 September 2014



## DIRECTORS' DECLARATION

The directors declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) In the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements;
- (c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- (d) The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in note 20 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors



R J Roberts  
Chairman  
Hobart, 24 September 2014

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

		2014 (\$'000)	2013 (\$'000)
<b>Continuing Operations</b>	<b>Note</b>		
Revenue	2(a)	54,897	52,867
Cost of sales		(28,927)	(26,453)
<b>Gross profit</b>		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	9	-	(2,486)
Provision for doubtful debts	5	(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)
<b>Profit before income tax expense</b>		11,977	9,922
Income tax expense	3	(3,649)	(2,955)
<b>Net profit for the period from continuing operations</b>		8,328	6,967
<b>Other comprehensive income, net of income tax</b>			
<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)
<b>Total comprehensive income for the period</b>		9,351	5,846
<b>Profit attributable to:</b>			
Owners of the parent		8,328	6,967
Non-controlling interests		-	-
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		9,351	5,846
Non-controlling interests		-	-
<b>Earnings per share</b>			
Basic (cents per share)	18	6.21	5.62
Diluted (cents per share)	18	6.07	5.62

Notes to the financial statements are included on pages 36 to 73.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Note	2014 (\$'000)	2013 (\$'000)
<b>Current Assets</b>			
Cash and cash equivalents	23(a)	2,242	15,269
Trade and other receivables	5	22,102	14,738
Other financial assets	6	309	-
Inventories	7	18,271	12,034
Other assets	8	547	550
Biological assets	11	464	-
<b>Total current assets</b>		<b>43,935</b>	<b>42,591</b>
<b>Non-Current Assets</b>			
Trade and other receivables	5	2,947	3,541
Property, plant and equipment	9	50,783	40,086
Biological assets	11	31,635	27,661
Investment property	10	819	824
Deferred tax asset	3	2,586	3,037
Intangibles	12	5,414	4,758
<b>Total non-current assets</b>		<b>94,184</b>	<b>79,907</b>
<b>Total assets</b>		<b>138,119</b>	<b>122,498</b>
<b>Current Liabilities</b>			
Trade and other payables	13	10,259	9,929
Borrowings	14	9,111	318
Current tax liability	3	1,612	1,234
Other financial liabilities	15	-	1,153
Provisions	16	1,393	1,484
<b>Total current liabilities</b>		<b>22,375</b>	<b>14,118</b>
<b>Non-Current Liabilities</b>			
Borrowings	14	489	700
Deferred tax liability	3	6,756	4,656
Provisions	16	56	53
<b>Total non-current liabilities</b>		<b>7,301</b>	<b>5,409</b>
<b>Total liabilities</b>		<b>29,676</b>	<b>19,527</b>
<b>Net assets</b>		<b>108,443</b>	<b>102,971</b>
<b>Equity</b>			
Issued capital	17	73,458	73,458
Reserves		361	(807)
Retained earnings		34,624	30,320
<b>Total equity</b>		<b>108,443</b>	<b>102,971</b>

Notes to the financial statements are included on pages 36 to 73.



# 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 <sup>1</sup> (\$'000)	Equity settled employee benefits reserve <sup>2</sup> (\$'000)	Retained earnings (\$'000)	Attributable to the owners of the parent (\$'000)	Total (\$'000)
<b>Balance at 1 July 2012</b>	<b>53,114</b>	<b>819</b>	<b>314</b>	<b>-</b>	<b>25,485</b>	<b>79,732</b>	<b>79,732</b>
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	-	-
<b>Balance at 30 June 2013</b>	<b>73,458</b>	<b>-</b>	<b>(807)</b>	<b>-</b>	<b>30,320</b>	<b>102,971</b>	<b>102,971</b>
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
<b>Balance at 30 June 2014</b>	<b>73,458</b>	<b>-</b>	<b>216</b>	<b>145</b>	<b>34,624</b>	<b>108,443</b>	<b>108,443</b>

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.

2. Equity settled employee benefits reserve relates to the Long Term Incentive Plan.

Notes to the financial statements are included on pages 36 to 73.

## CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Note	2014 (\$'000)	2013 (\$'000)
<b>Cash Flows from Operating Activities</b>			
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)
<b>Net cash (used in)/provided by operating activities</b>	23(e)	(2,024)	10,346
<b>Cash Flows from Investing Activities</b>			
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
<b>Net cash used in investing activities</b>		(15,525)	(8,613)
<b>Cash Flows from Financing Activities</b>			
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
<b>Net cash provided by financing activities</b>		4,522	12,549
<b>Net (decrease)/increase in cash and cash equivalents</b>		(13,027)	14,282
<b>Cash and cash equivalents at the beginning of the financial year</b>		15,269	987
<b>Cash and cash equivalents at the end of the financial year</b>	23(a)	<b>2,242</b>	<b>15,269</b>

Notes to the financial statements are included on pages 36 to 73.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### General Information

Webster Limited is a listed public company, incorporated and operating in Australia.

Webster Limited's registered office and its principal place of business is at 349 Forth Road, Forth, Tasmania 7310.

### 1. Summary of Significant Accounting Policies

#### 1.1 Application of New and Revised Accounting Standards

##### (a) Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported and disclosures in these financial statements.

*AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'*. This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures'. As a result the Group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. In the current year the individual key management personnel disclosure previously required by AASB 124 is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.

*AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards.'* AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation – Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when a) it has power over an investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in AASB 10 to explain where an investor has control over an investee.

*AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards.'* AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements.

##### *AASB 13 'Fair Value Measurement' and AASB 2011-8*

*'Amendments to Australian Accounting Standards arising from AASB 13'*. The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realizable value for the purposes of measuring inventories or value in use for impairment assessment purposes). AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements. AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2013 comparative period (please see notes 11 and 24 for the 2014 disclosures). Other than the additional disclosures, the application of AASB 13 does not have any material impact on the amounts recognised in the consolidated financial statements.

##### *AASB 119 'Employee Benefits (2011)' and AASB 2011-10*

*'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'*. This is an amended version of AASB 119 'Employee Benefits' with revised requirements for pensions and other post-retirement benefits, termination benefits and other changes.

##### (b) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The company is currently reviewing the impact of these changes on the financial statements.

##### *AASB 9 'Financial Instruments' and the relevant amending standards*

Effective for annual reporting periods beginning on or after 1 January 2018 and expected to be initially applied in the financial year ending 30 June 2019.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### *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.

#### *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.

#### *IFRS9 'Financial Instruments'*

Effective for annual reporting periods beginning on or after 1 January 2018 and expected to be initially applied in the financial year ended 30 June 2019.

#### *IFRS15 is 'Revenue from Contracts with Customers'*

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

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.

### **1.2 Statement of Compliance**

For the purposes of preparing the consolidated financial statements, the company is a for profit entity.

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group. 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 company and the Group comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the directors on 24 September 2014.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### 1.3 Basis of Preparation

The financial report has been prepared on the basis of historical cost, except for biological assets and inventories at realisable value and 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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 in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

### 1.4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year:

**Walnut Trees** Walnut trees are classified as a biological asset and valued in accordance with AASB 141 "Agriculture". The Group's accounting policies in relation to walnut trees are detailed in Note 1(e). In applying this policy, the group has made various assumptions. As at 30 June 2014, the value of walnut trees carried in the financial statements of the consolidated entity is \$31.6 million (2013:\$27.7 million)

**Foreign Currency** – The Group enters into certain transactions denominated in foreign currencies to manage the risk associated with anticipated horticultural export transactions. Further details of foreign currency transactions are disclosed in note 24 to the financial statements.

### 1.5 The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

#### (a) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the company and its subsidiaries (referred to as 'the Group' in these financial statements). Control is achieved when the company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the company, intra-group transactions ('common control transactions') are generally accounted for by reference to the existing (consolidated) book value of the items.

Where the transaction value of common control transactions differs from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

#### (b) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

**Sale of goods** – Revenue from the sale of goods and disposal of other assets is recognised when the consolidated entity has transferred to the buyer the significant risk and rewards of ownership of the goods, except with respect to biological assets (see note 1(e)).

**Rendering of services** – Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as revenue from time and material contracts and is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

**Royalties** – Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

**Dividend and interest revenue** – Dividend revenue from investments is recognised when the Group's right to receive the payment has been established. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

#### (c) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the profit and loss in the period in which they are incurred.

#### (d) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

#### (e) Biological Assets

**Walnut Trees** – Walnut trees are classified as a biological asset and valued in accordance with AASB 141 Agriculture. Developing walnut trees are valued at their growing cost until the year they bear their first commercial crop. The value of crop bearing walnut trees is measured at fair value using a discounted cash flow methodology. The discounted cash flow incorporates the following factors:

- Walnut trees have an estimated 25 year economic life, with crop yields consistent with long term yield rates;
- Selling prices are based on average trend prices;
- Growing, processing and selling costs are based on long term average levels; and
- Cash flows are discounted at a rate that takes into account the cost of capital plus a suitable risk factor.

**Growing Walnut Crop** – The growing walnut crop is valued in accordance with AASB 141 Agriculture. This valuation takes into account current walnut selling prices and current growing, processing and selling costs. The calculated crop value is then discounted to take into account that it is only partly developed, and then further discounted by a suitable factor to take into account the agricultural risk until crop maturity. Where little biological transformation has occurred in the growing walnut crop, cost is used as an estimate of fair value.

**Growing Onion Crop** – The onion crop is valued in accordance with AASB 141 Agriculture. This valuation takes into account current onion selling prices and current growing, processing and selling costs. The calculated crop value is then discounted to take into account that it is only partly developed, and then further discounted by a suitable factor to take into account the agricultural risk until crop maturity. Where little biological transformation has occurred in the growing onion crop, cost is used as an estimate of fair value.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### (f) Impairment of Assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the assets do not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the assets belong.

Goodwill is tested for impairment annually and whenever there is an indication that the asset has been impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

### (g) Property, Plant and Equipment

Land and buildings are measured at cost. After initial recognition the asset is carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation on buildings is charged to profit or loss.

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Buildings	40-100 years
Leasehold improvements	2-20 years
Plant and equipment	3-20 years

### (h) Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Group as lessee – Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Group as a lessor – Purchased assets where the Group is a lessor under operating leases, are carried at cost and depreciated over their useful lives, which vary depending on the class of assets. Operating lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. Assets lease out under operating leases are included in property, plant and equipment.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

Lease incentives – In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### (i) Inventories

Inventories are valued at the lower of cost and net realisable value except for walnut and onion stocks which are measured at fair value less estimated cost to sell at the point of harvest, and subsequently Net Realisable Value under AASB 102 Inventories.

Costs, incurred in bringing each product to its present location and condition, are accounted for as follows:

- Raw materials and consumables are accounted for at purchase cost
- Finished goods and work in progress cost are direct material and labour and a proportion of manufacturing overheads based on normal operating capacity
- Walnut stocks are valued in accordance with AASB 141 Agriculture whereby the cost of the non living (harvested) produce is deemed to be its net market value immediately after it becomes non living. This valuation takes into account current walnut selling prices and current processing and selling costs
- Onion stocks are valued in accordance with AASB 141 Agriculture whereby the cost of the non living (harvested) produce is deemed to be its net market value immediately after it becomes non living. This valuation takes into account current onion selling prices and current processing and selling costs.

#### (j) Intangibles

Goodwill – Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Licences – Licences are measured at cost and have an indefinite life and are not depreciated. Licences are tested for impairment on an annual basis.

Contracts – Contracts are measured at cost. After initial recognition the asset is carried at cost less accumulated amortisation and any accumulated impairment losses.

Contracts are amortised on a straight-line basis over the term of the contract.

Permanent water rights – Permanent water rights are recorded at cost. Such rights have an indefinite life, and are not depreciated. As an integral component of the land and irrigation infrastructure required to grow walnuts, the carrying value is tested annually for impairment. If events or changes in circumstances indicate impairment, the carrying value is adjusted to take account of any impairment losses.

#### (k) Derivative Financial Instruments

The Group enters in to a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks and interest rate risk, including forward foreign exchange contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in note 24 to the financial statements.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit and loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

Cash flow hedge – The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit and loss.

Amounts deferred in equity are recycled in profit and loss in the period when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedge instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Derivatives that do not qualify for hedge accounting – Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit and loss.

Embedded derivatives – Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

### (l) Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled wholly within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months, are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Defined contribution plans – Contributions to defined contribution superannuation plans are expensed when incurred.

### (m) Financial Assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements. Subsequent to initial recognition investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss,' 'held-to-maturity investments' and 'loans and receivables.' The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method – The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss.'

Financial assets at fair value through profit or loss – Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- has been acquired principally for the purpose of selling in the near future;
- is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 24.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

Held-to-maturity investments – Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates where the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and receivables – Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables.' Loans and receivables are recorded at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets – Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When the trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit and loss.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit and loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### **(n) Financial Instruments Issued by the Company**

Debt and equity instruments – Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded as the proceeds received, net of direct issue costs.

Compound instruments – The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or upon the instruments reaching maturity. The equity component initially brought to account is determined by deducting the amount of the liability component from the amount of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects and is not subsequently remeasured.

Financial guarantee contract liabilities – Financial guarantee contract liabilities are measured initially at their fair value and subsequently at the higher of:

- the amount of the obligation under the contract, as determined under AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'; and
- the amount initially recognised less, where appropriate, cumulative amortisation in accordance with revenue recognition policies described in note 1(b).

Financial liabilities – Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Other financial liabilities – Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### (o) Foreign Currency

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences which relate to assets under construction for future productive use are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer note 1(k)); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

### (p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

### (q) Income Tax

The company, and its wholly-owned Australian resident entities have elected to become a tax-consolidated group with effect from 1 December 2010 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Webster Limited. The members of the tax-consolidated group are identified in note 20. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Any current tax liabilities, current assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

The directors intend to implement a tax sharing agreement and tax funding agreement between members of the consolidated group. On the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Under the terms of the tax funding arrangement, Webster Limited and each of the entities in the tax-consolidated group will agree to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. The tax sharing agreement will provide for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

**Current tax** – Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

**Deferred tax** – Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability to tax purposes.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period – Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

#### **(r) Investment Property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

#### **(s) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) and, as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

#### **(t) Research and Development Costs**

Research costs are recognised as an expense in the period in which they are incurred. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period incurred.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### (u) Government Grants

Government grants are assistance by the government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the consolidated entity.

Government grants include government assistance where there are no conditions specifically relating to the operating activities of the consolidated entity other than the requirement to operate in certain regions or industry sectors.

Government grants relating to income are recognised as income over the periods necessary to match them with the related costs. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised as income of the period in which they become receivable.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the balance sheet and recognised as income on a systematic and rational basis over the useful lives of the related assets.

### (v) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's sharebased payment awards are measured in accordance with AASB 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

### (w) Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Fair value is measured by use of a Black Scholes pricing model taking into account the terms and conditions upon which the equity-settled share-based payments were granted. The fair value determined at the issue date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### 2. Profit from Operations

Profit from operations before income tax includes the following items of revenue and expense:

	2014 (\$'000)	2013 (\$'000)
<b>(a) Revenue</b>		
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
<b>Total revenue</b>	<b>54,897</b>	<b>52,867</b>
<b>(b) Other Income</b>		
Gain on disposal of property, plant and equipment	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
<b>Total other income</b>	<b>8,668</b>	<b>4,742</b>
<b>(c) Expenses</b>		
<b>Cost of sales</b>	<b>28,927</b>	<b>26,453</b>
Interest on loans	162	95
Dividends on instruments classified as financial liabilities	35	35
Other finance costs	95	123
<b>Total finance costs</b>	<b>292</b>	<b>253</b>
Depreciation of non-current assets	2,963	2,827
Amortisation of non-current assets	179	252
<b>Total depreciation and amortisation</b>	<b>3,142</b>	<b>3,079</b>
Equity settled share based payments	145	-
Post-employment benefits	518	496
Other employee benefits	6,475	6,066
<b>Total employee benefits expense</b>	<b>7,138</b>	<b>6,562</b>
Research and development costs immediately expensed	409	410
Operating lease rental expense	514	432

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### 3. Income Taxes

	2014 (\$'000)	2013 (\$'000)
<b>(a) Income tax recognised in profit or loss</b>		
<b>Tax expense comprises:</b>		
Current tax expense	1,637	1,055
Adjustments recognised in the current year in relation to the current tax of prior years	(97)	(35)
Deferred tax expense relating to the origination and reversal of temporary differences	2,109	1,935
<b>Total tax expense</b>	<b>3,648</b>	<b>2,955</b>
 <b>The prima facie income tax expense on pre-tax accounting profit from operations reconciles to income tax expense in the financial statements as follows:</b>		
Profit from operations	11,977	9,922
Income tax expense calculated at 30%	3,593	2,976
Non-deductible expenses	59	14
Over provision of income tax in previous year	(3)	(35)
	<b>3,649</b>	<b>2,955</b>
 <i>The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.</i>		
<b>(b) Income tax recognised directly in other comprehensive income</b>		
<b>Deferred tax:</b>		
Revaluation of financial instruments treated as cash flow hedges	439	(508)
	<b>439</b>	<b>(508)</b>
 <b>(c) Current tax assets and liabilities</b>		
<b>Current tax liabilities:</b>		
<b>Income tax payable attributable to:</b>		
Parent entity	1,262	884
Other	350	350
	<b>1,612</b>	<b>1,234</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 3. Income Taxes (continued)

### (d) Deferred tax assets and liabilities

	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Other \$'000	Closing balance \$'000
<b>2014</b>					
<b>Deferred tax assets:</b>					
Provisions	258	(8)	-	-	250
Financial assets - receivables	-	491	-	-	491
Other	604	(22)	(346)	10	246
Unused tax losses	2,175	(576)	-	-	1,599
	3,037	(115)	(346)	10	2,586
<b>Deferred tax liabilities:</b>					
Property, plant & equipment	(3,786)	(887)	-	-	(4,673)
Financial assets - non receivables	(7)	3	(31)	-	(35)
Inventory & biological assets	(793)	(1,152)	-	-	(1,945)
Other	(70)	44	(62)	(15)	(103)
	(4,656)	(1,992)	(93)	(15)	(6,756)
	(1,619)	(2,107)	(439)	(5)	(4,170)
<b>2013</b>					
<b>Deferred tax assets:</b>					
Provisions	262	(4)	-	-	258
Financial assets - receivables	14	(14)	-	-	-
Other	240	(10)	374	-	604
Unused tax losses	2,547	(372)	-	-	2,175
	3,063	(400)	374	-	3,037
<b>Deferred tax liabilities:</b>					
Property, plant & equipment	(3,032)	(754)	-	-	(3,786)
Financial assets - non receivables	(144)	3	134	-	(7)
Inventory & biological assets	(60)	(733)	-	-	(793)
Other	(19)	(51)	-	-	(70)
	(3,255)	(1,535)	134	-	(4,656)
	(192)	(1,935)	508	-	(1,619)

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### 4. Remuneration of Auditors

	2014 (\$)	2013 (\$)
<b>Auditor of the parent entity</b>		
Audit or review of the financial report	91,675	86,640
Taxation services	47,635	78,140
Other services	31,552	16,966
	170,862	181,746

The auditor of Webster Limited is Deloitte Touche Tohmatsu.

Other services for 2013 and 2014 include services relating to AGW Funds Management Ltd, and LTIP advice.

### 5. Trade and Other Receivables

	2014 (\$'000)	2013 (\$'000)
<b>Current</b>		
Trade receivables	21,804	14,224
Goods and services tax (GST) recoverable	298	514
	22,102	14,738
The average credit period on sales of goods of the operating divisions within the company is 60 days.		
<b>Non-Current</b>		
Trade receivables	4,552	3,541
Allowance for doubtful debts	(1,605)	-
	2,947	3,541
<b>Ageing of past due but not impaired</b>		
61 - 90 days	381	561
91 - 120 days	45	132
121 + days	3,287	3,913
Total	3,713	4,606
<b>Movement in allowance for doubtful debts</b>		
Balance at the beginning of the year	-	(47)
Impairment losses recognised on receivables	(1,605)	-
Amounts written off as uncollectible	-	47
Balance at the end of the year	(1,605)	-
<b>Ageing of impaired</b>		
61 - 90 days	-	-
91 - 120 days	-	-
121 + days	1,605	-
Total	1,605	-

In determining the recoverability of a trade receivable, the consolidated entity considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The Group has recognised an allowance for doubtful debts against receivables from Managed Investment Scheme (MIS) growers, the majority of which relates to bankrupt scheme participants.

The non-current trade receivable balance relates to fees owing from MIS investors, which attract interest and are considered recoverable from future gross proceeds entitlements due to those investors.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### 6. Other Financial Assets

	2014 (\$'000)	2013 (\$'000)
<b>Current</b>		
<b>At fair value</b>		
Foreign currency forward contracts	309	-
	309	-

#### 7. Inventories

	2014 (\$'000)	2013 (\$'000)
<b>Raw materials</b>		
Raw materials at cost	2,306	2,014
<b>Walnut stocks</b>		
Walnut stock fair value	14,595	9,274
<b>Onion stocks</b>		
Onion stock at cost	29	25
Onion stock fair value	1,341	721
	18,271	12,034

#### 8. Other Assets

	2014 (\$'000)	2013 (\$'000)
Prepayments	547	550

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### 9. Property, Plant and Equipment

	Freehold land (\$'000)	Buildings (\$'000)	Leasehold improvements at cost (\$'000)	Plant and equipment at cost (\$'000)	Equipment under finance lease at cost (\$'000)	Total (\$'000)
<b>Gross carrying amount</b>						
Balance at 1 July 2012	7,189	6,892	698	33,537	1,586	49,902
Additions	2,517	1,307	-	5,292	-	9,116
Disposals	-	-	-	(111)	(163)	(274)
Impairment loss (i)	(2,297)	(189)	-	-	-	(2,486)
Reclassification of assets	-	-	-	717	(717)	-
Balance at 30 June 2013	7,409	8,010	698	39,435	706	56,258
<b>Accumulated depreciation/ amortisation and impairment</b>						
Balance at 1 July 2012	-	(571)	(152)	(11,904)	(817)	(13,444)
Disposals	-	-	-	108	113	221
Depreciation expense	-	(115)	(31)	(2,707)	(96)	(2,949)
Reclassification of assets	-	-	-	(462)	462	-
Balance at 30 June 2013	-	(686)	(183)	(14,965)	(338)	(16,172)
<b>Net book value</b>						
As at 30 June 2012	7,189	6,321	546	21,633	769	36,458
As at 30 June 2013	7,409	7,324	515	24,470	368	40,086
<b>Gross carrying amount</b>						
Balance at 1 July 2013	7,409	8,010	698	39,435	706	56,258
Additions	-	7,408	-	8,705	-	16,113
Disposals	-	-	-	(5,828)	-	(5,828)
Balance at 30 June 2014	7,409	15,418	698	42,312	706	66,543
<b>Accumulated depreciation/ amortisation and impairment</b>						
Balance at 1 July 2013	-	(686)	(183)	(14,965)	(338)	(16,172)
Disposals	-	-	-	3,424	-	3,424
Depreciation expense	-	(184)	(26)	(2,748)	(54)	(3,012)
Balance at 30 June 2014	-	(870)	(209)	(14,289)	(392)	(15,760)
<b>Net book value</b>						
As at 30 June 2013	7,409	7,324	515	24,470	368	40,086
As at 30 June 2014	7,409	14,548	489	28,023	314	50,783

(i) During May 2013, Directors engaged the external valuation firm CBRE to undertake a valuation of the consolidated entities walnut properties, both NSW and Tasmania, as at 30 June 2013. As a result of this valuation an impairment to the value of the Tasmanian land and buildings of \$2485,653 was recognised as an expense in the statement of comprehensive income in the previous financial year.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### 9. Property, Plant and Equipment (continued)

The recoverable amount of land and buildings has been determined on the basis of their fair value less costs to sell. In determining fair value reference has been made to an active market for these assets.

	2014 (\$'000)	2013 (\$'000)
Aggregate depreciation/amortisation allocated on property plant and equipment and investment properties (note 10), whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:		
Buildings	189	120
Leasehold improvements	26	31
Plant and equipment	2,748	2,707
Equipment under finance lease	54	96
	3,017	2,954

#### 10. Investment Property

	Freehold land at cost (\$'000)	Buildings at cost (\$'000)	Total (\$'000)
<b>Gross carrying amount</b>			
Balance at 1 July 2012	353	519	872
Balance at 30 June 2013	353	519	872
<b>Accumulated depreciation/ amortisation and impairment</b>			
Balance at 1 July 2012	-	(43)	(43)
Depreciation expense	-	(5)	(5)
Balance at 30 June 2013	-	(48)	(48)
<b>Net Book Value</b>			
As at 30 June 2012	353	476	829
As at 30 June 2013	353	471	824
<b>Gross Carrying Amount</b>			
Balance as at 1 July 2013	353	519	872
Balance as at 30 June 2014	353	519	872
<b>Accumulated depreciation/ amortisation and impairment</b>			
Balance as at 1 July 2013	-	(48)	(48)
Depreciation expense	-	(5)	(5)
Balance as at 30 June 2014	-	(53)	(53)
<b>Net Book Value</b>			
As at 30 June 2013	353	471	824
As at 30 June 2014	353	466	819

Investment properties are depreciated using the straight line method over their useful lives of 100 years. The investment properties are both commercial and residential buildings occupied by short to medium term tenants. Investment properties are measured at cost. Directors estimate that the fair value of investment properties is \$1,150 thousand based on their view of market prices and property-specific factors. In estimating the fair value the highest and best use of the properties is their current use. The fair value is categorised as level 2 in the fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### 11. Biological Assets

The consolidated entity as part of its operations grows, harvest, processes and sells walnuts and onions. As at 30 June 2014 the consolidated entity owned a total of 1,855 hectares (2013: 1,855 hectares) of walnuts orchard located in NSW and Tasmania. Of the total orchard area owned, 958 hectares (2013: 958 hectares) was leased to growers under managed investment schemes, with the output of agricultural product of these hectares being the property of the MIS growers. During the year ended 30 June 2014 a total of 5,583 tonnes (2013: 5,378 tonnes) of walnuts were harvested from all orchards, including 3,379 tonnes (2013: 3,166 tonnes) from orchards leased to MIS growers. In addition a total of 40,592 tonnes (2013: 43,540 tonnes) of onions were grown and harvested during the year ended 30 June 2014.

	2014 (\$'000)	2013 (\$'000)
<b>(a) Current</b>		
Walnut nursery trees	464	-
	464	-
<b>(b) Non-Current</b>		
Walnut orchards	31,635	27,661
	31,635	27,661
<b>(c) Reconciliation of changes in the carrying amount of Biological Assets</b>		
Carrying value at the beginning of the financial year	27,661	23,115
Purchases	1,889	381
Change in fair value	2,085	4,165
Carrying value at the end of the financial year	31,635	27,661

### (d) Fair value

The fair value of non-current biological assets have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis. The following table provides an analysis of non-current biological assets measured at fair value based on the degree to which the fair value is observable.

Fair value hierarchy				
	Fair value as at:		Fair value hierarchy	Valuation technique
	30/06/14 (\$'000)	30/06/13 (\$'000)		
Biological Assets	31,635	31,635	Level 2	Discounted cash flow based on observable market prices and cost inputs.

### (e) Biological assets pledged as security

Refer to notes 14 and 21 for information on biological assets pledged as security by the parent entity of its subsidiaries.

### (f) Financial risk management

The consolidated entity is exposed to financial risk associated with movements in exchange rates as walnut and onion export sales are undertaken in foreign currencies. The consolidated entity has an active foreign exchange committee and enters into derivative instruments in line with its foreign exchange policy to help manage this risk.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### 12. Intangibles

	Goodwill	Licences	Contracts	Permanent Water Rights	Total
<b>Net book value</b>					
Balance at 1 July 2012	397	100	2,319	2,068	4,884
Amortisation expense	-	-	(126)	-	(126)
Balance at 30 June 2013	397	100	2,193	2,068	4,758
Amortisation expense			(124)		(124)
Additional amounts recognised during the year				780	780
Balance at 30 June 2014	397	100	2,069	2,848	5,414

#### (a) Impairment test for goodwill

Goodwill has been allocated for impairment testing purposes to the following cash generating units:

Vegetable operations	286
Walnut operations	111
	397

##### *Vegetable operations*

*The recoverable amount of the vegetable operations is determined based on a value in use calculation which uses cash flow projections covering a five year period, and a discount rate of 15% p.a. (2013: 15%). Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.*

##### *Walnut operations*

*The recoverable amount of the walnut operations is determined based on a value in use calculation which uses cash flow projections covering a 10 year period, and a discount rate of 20% p.a. (2013: 20%). Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.*

#### (b) Licences

Licences are measured at cost and tested for impairment on an annual basis.

#### (c) Contracts

Contracts are measured at cost and amortised on a straight-line basis over the term of the contract.

#### (d) Permanent water rights

The value of permanent water rights relates to the walnut operations and is an integral part of land and irrigation infrastructure required to grow walnuts. The fair value of permanent water rights used for impairment testing is supported by the tradeable market value, which at current market prices is in line with carrying value.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### 13. Trade and Other Payables

	2014 (\$'000)	2013 (\$'000)
<b>Current</b>		
Trade payables	9,180	8,884
Goods and services tax (GST) payable	1,079	1,045
	10,259	9,929

The average credit period on purchases is 30 days. Interest is charged on a creditor by creditor basis. The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

### 14. Borrowings

	Note	2014 (\$'000)	2013 (\$'000)
<b>(a) Current</b>			
<b>At amortised cost</b>			
<u>Secured</u>			
Bank loans	(i)	8,900	-
Finance lease liabilities	(ii)	211	318
		9,111	318
<b>(b) Non-Current</b>			
<b>At amortised cost</b>			
<u>Secured</u>			
Finance lease liabilities	(ii)	95	306
<u>Unsecured</u>			
Non-redeemable cumulative preference shares	(iii)	394	394
		489	700

(i) Secured by mortgage over property and floating charge over assets, the value of which exceeds the loan. The carrying value of assets is disclosed in the statement of financial position.

(ii) Secured by assets leased, the value of which exceeds the lease liability.

(iii) 394,000 9% non-redeemable cumulative preference shares at a par value of \$1.00 per share.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### 15. Other Financial Liabilities

	2014 (\$'000)	2013 (\$'000)
<b>Current</b>		
<b>At fair value</b>		
Foreign currency forward contracts		1,153
		1,153

#### 16. Provisions

	Note	2014 (\$'000)	2013 (\$'000)
<b>(a) Current</b>			
Employee benefits		479	567
Export sales rebates		914	917
		1,393	1,484
<b>(b) Non-Current</b>			
Employee benefits		56	53
<b>(c) Movements in provisions</b>			
Export Sales Rebate	(i)		
Balance at beginning of financial year		917	1,522
Additional provision recognised		914	917
Reductions arising from payments/other sacrifices of future economic benefits		(917)	(1,522)
Balance at end of financial year		914	917
Current		914	917
Non-Current		-	-
		914	917

(i) The provision for export sales rebate represents the directors' best estimate of potential claims made by customers with respect to the quality of fresh produce exported overseas. The estimate was made based on historical trends and claims outstanding at the end of the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### 17. Issued Capital

	Note	2014 (\$'000)	2013 (\$'000)
137,987,365 (2013: 134,127,365) fully paid ordinary shares	(i)	73,458	73,458
		73,458	73,458

Changes to the Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

		2014 Number	2014 (\$'000)	2013 Number	2013 (\$'000)
(i)	<u>Fully paid ordinary share capital</u>				
	Balance at beginning of financial year	134,127,365	73,458	93,306,317	53,114
	Shares issued (ii) (iii)	3,860,000	-	40,821,048	20,344
	Balance at end of financial year	137,987,365	73,458	134,127,365	73,458
	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.				

### 18. Earnings Per Share

	Note	Cents per share	2012
		2013	
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 used in the calculation of basic earnings per share	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 used in the calculation of diluted earnings per share	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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### 19. Dividends

	2014		2013	
	Cents per share	Total (\$'000)	Cents per share	Total (\$'000)
<b>(a) Dividends paid during the year</b>				
<b>Fully paid ordinary shares</b>				
Final Dividend - FY2013 paid Oct 2013 (2013: FY2012 paid Oct 2012)	1.5	2,012	1.5	1,610
Interim Dividend - FY2014 paid Apr 2014 (2013: FY2013 paid Apr 2013)	1.5	2,012	1.0	1,341
		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.

	2014 (\$'000)	2013 (\$'000)
<b>(c) Franking credits balance</b>		
<b>Franking account balance at 1 July</b>	3,367	3,764
Tax paid / refunded	1,171	875
Dividends paid	(1,740)	(1,272)
<b>Franking account balance at 30 June</b>	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
<b>Net franking credits available</b>	4,410	4,601
Impact on franking account balance of dividends not recognised	(1,183)	(862)

#### 20. Subsidiaries

Country of Incorporation			Ownership Interest	
Note			2014 (%)	2013 (%)
Parent Entity				
Webster Limited		Australia		
Controlled Entities				
Clements Marshall Consolidated Limited	(iii)	Australia	100	100
Cygnnet Canning Company Pty Ltd	(iii)	Australia	100	100
Clements and Marshall Pty Ltd	(iii)	Australia	100	100
Field Fresh Tasmania Partnership	(iii)	Australia	100	100
AGW Finance Pty Ltd	(iii)	Australia	100	100
AGW Walnuts Pty Ltd		Australia	100	100
Walnuts Australia Pty Ltd		Australia	100	100
AGW Funds Management Ltd		Australia	100	100

(i) The above entities are audited by Deloitte Touche Tohmatsu.

(ii) All entities carry on business in Australia.

(iii) These wholly-owned controlled entities have obtained approval under the ASIC Class Order granting relief from the requirement to produce audited financial reports and are party to a cross guarantee.

(iv) The parent entity has entered into a range of cross guarantees and registered mortgage debentures over assets and capital of Webster Limited, which include all of the above entities under its banking arrangements with National Australia Bank.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 20. Subsidiaries (continued)

The following statement of financial performance represents the consolidated financial performance of entities which are party to the deed of cross guarantee. AGW Walnuts Pty Ltd, which was not a trading entity during the financial year, Walnuts Australia Pty Ltd and AGW Funds Management Ltd are not parties to the cross guarantee.

	2014 (\$'000)	2013 (\$'000)
<b>(a) Financial performance</b>		
Revenue	49,259	46,047
Cost of sales	(25,051)	(24,430)
<b>Gross Profit</b>	<b>24,208</b>	<b>21,617</b>
Other income	7,789	4,208
Provision for doubtful debts	(1,605)	-
Distribution expenses	(7,996)	(9,029)
Marketing expenses	(970)	(1,107)
Operational expenses	(8,696)	(6,894)
Administration expenses	(3,955)	(2,885)
Finance costs	(292)	(253)
Other expenses	(409)	(410)
<b>Profit before income tax expense</b>	<b>8,074</b>	<b>5,247</b>
Income tax expense	(2,478)	(1,553)
<b>Net Profit for the period</b>	<b>5,596</b>	<b>3,694</b>
<b>Other comprehensive income, net of income tax</b>		
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)
<b>Total comprehensive income for the period</b>	<b>146</b>	<b>2,573</b>

## (b) Financial position

The following statement of financial position represents the consolidated financial position of entities which are party to the deed of cross guarantee. AGW Walnuts Pty Ltd, which was not a trading entity during the financial year, Walnuts Australia Pty Ltd and AGW Funds Management Ltd are not parties to the cross guarantee.

	2014 (\$'000)	2013 (\$'000)
<b>Current Assets</b>		
Cash and cash equivalents	1,040	13,957
Trade and other receivables	18,504	11,823
Other financial assets	45,266	42,814
Inventories	14,669	8,623
Other assets	461	488
Biological assets	464	-
<b>Total current assets</b>	<b>80,404</b>	<b>77,705</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### 20. Subsidiaries (continued)

	2014 (\$'000)	2013 (\$'000)
<b>Non-Current Assets</b>		
Investments	4,692	4,692
Property, plant and equipment	34,116	24,310
Investment property	819	824
Deferred tax asset	2,586	1,723
Intangibles	2,604	2,728
<b>Total non-current assets</b>	<b>44,817</b>	<b>34,277</b>
<b>Total Assets</b>	<b>125,221</b>	<b>111,982</b>
<b>Current Liabilities</b>		
Trade and other payables	8,499	8,233
Borrowings	9,111	318
Current tax liability	1,134	869
Other financial liabilities	-	1,153
Provisions	1,393	1,484
<b>Total current liabilities</b>	<b>20,137</b>	<b>12,057</b>
<b>Non-Current Liabilities</b>		
Borrowings	489	700
Deferred tax liabilities	2,856	229
Provisions	56	53
<b>Total non-current liabilities</b>	<b>3,401</b>	<b>982</b>
<b>Total Liabilities</b>	<b>23,538</b>	<b>13,039</b>
<b>Net Assets</b>	<b>101,683</b>	<b>98,943</b>
<b>Equity</b>		
Issued capital	73,458	73,458
Reserves	361	(807)
Retained earnings *	27,864	26,292
<b>Total Equity</b>	<b>101,683</b>	<b>98,943</b>
<b>* Retained earnings</b>		
Retained earnings at the beginning of the financial year	26,292	24,730
Net profit	5,596	3,694
Dividend provided for or paid	(4,024)	(2,951)
Transfers from reserves	-	819
Retained earnings at the end of the financial year	27,864	26,292

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### 21. Commitments for Expenditure

	Note	2014 (\$'000)	2013 (\$'000)
<b>(a) Lease commitments</b>			
<b>Non-cancellable operating leases</b>	(i)		
Not longer than one year		550	361
Longer than one year and not longer than five years		1,120	442
		1,670	803
<b>Finance lease liabilities</b>	(ii)		
Not longer than one year		253	388
Longer than one year and not longer than five years		105	358
Minimum lease payments		358	746
Less: Future finance charges		(19)	(54)
Less: Goods and services tax (GST)		(33)	(68)
Finance lease liabilities		306	624
<b>Present value of minimum future lease payments:</b>			
Not longer than one year		211	318
Longer than one year and not longer than five years		95	306
		306	624
<b>Included in the financial statements as:</b>			
Current interest bearing liabilities		211	318
Non-current interest bearing liabilities		95	306
		306	624
<p>(i) Operating lease commitments relate to properties and equipment with lease terms of up to 10 years.</p> <p>(ii) Finance lease liabilities relate to various plant and equipment with lease terms of up to 5 years.</p>			
<b>(b) Capital expenditure commitments</b>			
<b>Plant and equipment</b>			
Not longer than one year		-	631
Longer than one year and not longer than five years		-	-
Longer than five years		-	-
		-	631

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### 22. Segment Information

The company has a single reportable segment for continuing operations as the consolidated entities 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.

**(a) Information about products and services**

The consolidated entity's revenue from external customers was \$54,897 thousand (2013: \$52,867 thousand).

**(b) Information on geographical areas**

The consolidated entity's goods are sold in both domestic and international markets. The following table details the consolidated entities revenues and non-current assets by geographical location.

	Revenue from Customers		Non-Current Assets	
	2014 (\$'000)	2013 (\$'000)	2014 (\$'000)	2013 (\$'000)
Australia	19,311	16,092	94,184	79,907
Europe	22,077	22,991	-	-
Other	13,509	13,784	-	-
	54,897	52,867	94,184	79,907

**(c) Information about major customers**

Included in the consolidated entity's revenues are revenues of approximately \$11,441 thousand (2013: \$12,560 thousand) which arose from sales to its largest customer.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### 23. Notes to the Cash Flow Statement

	2014 (\$'000)	2013 (\$'000)
<b>(a) Reconciliation of cash and cash equivalents</b>		
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
	2,242	15,269
<b>(b) Non-cash financing and investing activities</b>		
During the financial year, the consolidated entity did not acquire equipment via finance leases (2013: nil).		
<b>(c) Financing facilities</b>		
Secured bank loan rolling facilities reviewed annually and payable at call		
- Amount used	8,900	-
- Amount unused	6,100	8,000
	15,000	8,000
<b>(d) Cash balances not available for use</b>		
There were no cash balances unavailable for use at balance date.		
<b>(e) Reconciliation of profit for the period to net cash flows from operating activities</b>		
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		
- (Increase)/decrease in receivables	(6,767)	5,108
- Increase in inventories	(323)	(1,457)
- Increase in payables	328	232
- Decrease in provisions	(88)	(573)
- Increase in tax balances	2,635	2,011
Net cash flows (used in)/provided by operating activities	(2,024)	10,346



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### 24. Financial Instruments

##### (a) Capital risk management

The Group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 30 June 2013.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 14, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital as disclosed in note 17, reserves and retained profits.

The Group operates globally, primarily through subsidiary companies established in the markets in which the Group trades. None of the Group's entities are subject to externally imposed capital requirements.

##### Gearing ratio

The Group's Board of Directors reviews the capital structure on an annual basis. As a part of this review the committee considers the cost of capital and the risk associated with each class of capital. The Board of Directors of the Group in considering its overall capital structure takes into account the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The gearing ratio at year end was as follows:

	Note	2014 (\$'000)	2013 (\$'000)
<b>Financial assets</b>			
Debt	(i)	9,600	1,018
Cash and cash equivalents		(2,242)	(15,269)
Net debt		7,358	(14,251)
Equity	(ii)	108,443	102,971
Net debt to equity ratio		7%	-14%

(i) Debt is defined as long- and short-term borrowings, as detailed in note 14

(ii) Equity includes all capital and reserves.

	2014 (\$'000)	2013 (\$'000)
<b>(b) Categories of financial instruments</b>		
<b>Financial assets</b>		
Derivative instrument in designated hedge accounting relationships	309	-
Cash and cash equivalents	2,242	15,269
Loans and receivables	25,049	18,279
<b>Financial liabilities</b>		
Derivative instrument in designated hedge accounting relationships	-	1,153
Trade and other payables (amortised cost)	10,259	9,929
Borrowings (amortised cost)	9,600	1,018

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### 24. Financial Instruments (continued)

#### (c) Financial risk management objectives

The Group's key management personnel co-ordinate access to domestic and international financial markets and manage the financial risks relating to the operations of the consolidated entity.

The Group does not enter in to or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the consolidated entity's policies approved by the board of directors, which provide written principles on the use of financial derivatives. Compliance with policies and exposure limits are monitored by the treasury committee on a continuous basis.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into forward foreign exchange contracts to hedge the exchange rate risks arising on the export of produce to Europe and Asia.

#### (d) Market risk

##### *Foreign currency risk management*

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts and currency swap agreements. The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts.

	2014			
	USD	EUR	GBP	JPY
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Trade and other receivables	8,294	6,395	249	286
Cash at bank	14	28	9	156
Trade and other payables	999	376	-	27
Provisions	-	841	72	-
Net Exposure	9,307	7,640	330	469

	2013			
	USD	EUR	GBP	JPY
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Trade and other receivables	4,596	3,636	768	403
Cash at bank	1,873	28	563	769
Trade and other payables	750	37	-	15
Provisions	-	715	218	-
Net Exposure	7,219	4,416	1,549	1,187

##### *Forward foreign exchange contracts and options*

It is the policy of all entities in the Group to enter into forward foreign exchange contracts to cover up to 100% of the exposure generated by specific foreign currency payments and receipts. The Group also enters into forward foreign exchange contracts and option contracts to manage the risk associated with anticipated horticultural export transactions. A progressive cover strategy is adopted from the time of budgeting through to harvest when up to 90% of exposure is hedged.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### 24. Financial Instruments (continued)

The following table details the aggregate foreign currency contracts outstanding as at reporting date:

Outstanding contracts	Average Exchange Rate		Foreign Currency	
	2014	2013	2014 (FC'000)	2013 (FC'000)
<b>Due within 3 months</b>				
Sell				
– British Pound	0.5233	0.6520	200	500
– Euro	0.6799	0.7721	3,550	2,550
– Japanese Yen	91.7100	-	25,000	-
– United States Dollar	0.9101	1.0078	6,200	6,600
<b>Due after 3 months:</b>				
Sell				
– United States Dollar	-	1.0260	-	419
	<b>Contract Value</b>		<b>Fair Value</b>	
	2013	2012	2013	2012
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Due within 3 months</b>				
Sell				
– British Pound	382	767	19	(69)
– Euro	5,221	3,303	74	(334)
– Japanese Yen	273	-	10	-
– United States Dollar	6,812	6,549	206	(696)
<b>Due after 3 months:</b>				
Sell				
– United States Dollar	-	409	-	(54)
	12,688	11,028	309	(1,153)

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### 24. Financial Instruments (continued)

#### (e) Hedges of anticipated future transactions

As at the reporting date the aggregate amount of unrealised profits under forward foreign exchange contracts relating to anticipated future transactions is \$309,000, (2013: \$1,153,000 loss) and is deferred in the hedging reserve to the extent that the hedge has been determined to be effective.

The Group is mainly exposed to the currencies as tabled below.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relative currency. 10% is the sensitivity rate used as it represents management's assessment of the possible change in foreign exchange rates. A positive number indicates an increase in other equity where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on other equity, and the balances below would be negative.

	2014 (\$'000)	2013 (\$'000)
Other equity		
– British Pound	43	85
– Euro	580	367
– Japanese Yen	30	-
– United States Dollar	757	728
	1,410	1,180

#### (f) Interest rate risk management

The company and the Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. This risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings. The company and Groups exposures to interest rates on financial assets and financial liabilities are detailed in the maturity profile of financial instruments section of this note.

##### **Interest rate sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the impact on the group is as follows:

	Effect on Profitability			
	2014		2013	
	+1%	-1%	+1%	-1%
<b>Financial assets</b>				
Cash & cash equivalents	22	(22)	153	(153)
<b>Financial liabilities</b>				
Borrowings	(96)	96	(10)	10

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### 24. Financial Instruments (continued)

##### (g) Credit risk management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group undertakes credit check prior to dealing with any new counterparty and obtains sufficient collateral or other security, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded are spread amongst approved counterparties. The Group measures credit risk on a fair value basis.

Trade accounts receivable consist of a large number of customers, spread across diverse industries and geographical locations. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

The carrying amount of financial instruments recorded in the financial statements, net of any allowances for losses, represent the group's maximum exposure to credit risk without taking account of the value of any collateral obtained.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### (h) Fair value of financial instruments

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximate their fair value.

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- The fair value of derivative instruments, included in hedging assets and liabilities, are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments.

The following tables detail the fair value of financial assets and financial liabilities.

	Carrying amount 2014 (\$'000)	Fair value 2014 (\$'000)	Carrying amount 2013 (\$'000)	Fair value 2013 (\$'000)
<b>Financial assets</b>				
Forward foreign exchange contracts	309	309	-	-
Trade and other receivables	25,049	25,049	18,279	18,279
	25,358	25,358	18,279	18,279
<b>Financial liabilities</b>				
Cumulative non-redeemable preference shares	394	394	394	394
Forward foreign exchange contracts	-	-	1,153	1,153
Trade and other payables	10,259	10,259	9,929	9,929
Bank loans	8,900	8,900	-	-
Finance lease liabilities	306	306	624	624
	19,859	19,859	12,100	12,100

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides an analysis of financial asset and financial liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

2014				
	Level 1 (\$'000)	Level 2 (\$'000)	Level 3 (\$'000)	Total (\$'000)
<b>Derivative assets</b>				
Forward contracts	-	309	-	309
	-	309	-	309
2013				
	Level 1 (\$'000)	Level 2 (\$'000)	Level 3 (\$'000)	Total (\$'000)
<b>Derivative liabilities</b>				
Forward contracts	-	1,153	-	1,153
	-	1,153	-	1,153

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### 24. Financial Instruments (continued)

##### (i) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continually monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

##### (j) Maturity Profile of Financial Instruments

The following tables detail the Group's expected maturity for its non-derivative financial assets and contractual maturity for non-derivative financial liabilities.

	Weighted Average Effective Rate (%)	Less than 1 year (\$'000)	1 to 5 years (\$'000)	More than 5 years (\$'000)	Total (\$'000)
<b>2014</b>					
<b>Financial Assets</b>					
<i>Non-interest bearing</i>					
Trade and other receivables	-	22,102	2,947	-	25,049
Other financial assets	-	309	-	-	309
<i>Variable interest rate</i>					
Cash and cash equivalents	1.30	2,242	-	-	2,242
		24,653	2,947	-	27,600
<b>Financial Liabilities</b>					
<i>Non-interest bearing</i>					
Trade and other payables	-	10,259	-	-	10,259
<i>Variable interest rate</i>					
Bank loans	5.13	9,014	-	-	9,014
<i>Fixed interest rate maturity</i>					
Finance lease liabilities	8.32	229	96	-	325
Cumulative non-redeemable preference shares*	9.00	35	142	394	571
		19,537	238	394	20,169

\*Amounts disclosed in more than 5 years represent principal amounts. There is no expiration term.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### 24. Financial Instruments (continued)

2013	Weighted Average Effective Rate (%)	Less than 1 year (\$'000)	1 to 5 years (\$'000)	More than 5 years (\$'000)	Total (\$'000)
<b>Financial Assets</b>					
<i>Non-interest bearing</i>					
Trade and other receivables	-	14,738	3,541	-	18,279
Other financial assets	-	-	-	-	-
<i>Variable interest rate</i>					
Cash and cash equivalents	2.40	15,269	-	-	15,269
		30,007	3,541	-	33,548
<b>Financial Liabilities</b>					
<i>Non-interest bearing</i>					
Trade and other payables	-	9,929	-	-	9,929
Other financial liabilities	-	1,153	-	-	1,153
<i>Fixed interest rate maturity</i>					
Finance lease liabilities	8.12	353	325	-	678
Cumulative non-redeemable preference shares*	9.00	35	142	394	571
		11,470	467	394	12,331

\*Amounts disclosed in more than 5 years represent principal amounts. There is no expiration term.

### 25. Related Party Disclosures

	2014 (\$)	2013 (\$)
<b>(a) Key management personnel compensation</b>		
The aggregate compensation of key management personnel of the consolidated entity and the company is set out below:		
Short-term employee benefits	1,747,527	1,495,116
Long-term employee benefits	145,469	-
Post-employment benefits	164,676	142,992
Termination benefits	167,981	-
<b>Total</b>	<b>2,225,653</b>	<b>1,638,108</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

**(b) Transactions with key management personnel**

During the financial year, directors and their director-related entities, and executives purchased goods, which were domestic or trivial in nature, from the company on the same terms and conditions available to other employees and customers. Outside contracts of employment no key management personnel have entered into a contract with the Company during the financial year.

**(c) Equity interests in related parties**

Details of percentage of ordinary shares held in controlled entities are disclosed in note 20 to the financial statements.

**(d) Parent entity**

The parent entity in the consolidated entity is Webster Limited. The ultimate Australian parent entity is Webster Limited.

### 26. Parent Entity Disclosures

	2014 (\$'000)	2013 (\$'000)
<b>(a) Financial Position</b>		
<b>Assets</b>		
Current assets	68,883	66,595
Non-current assets	30,219	19,908
<b>Total assets</b>	<b>99,102</b>	<b>86,503</b>
<b>Liabilities</b>		
Current liabilities	17,887	9,036
Non-current liabilities	3,844	2,193
<b>Total liabilities</b>	<b>21,731</b>	<b>11,229</b>
<b>Equity</b>		
Issued capital	73,458	73,458
Reserves	290	(525)
Retained Earnings	3,623	2,341
<b>Total Equity</b>	<b>77,371</b>	<b>75,274</b>
<b>(b) Financial Performance</b>		
Profit for the period	5,306	3,186
Other comprehensive income	669	(525)
<b>Total comprehensive income</b>	<b>5,975</b>	<b>2,661</b>

### 27. Subsequent Events

The directors are not aware of any other matter or circumstance that has arisen since the end of the financial year, which 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.

## ASX ADDITIONAL INFORMATION

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows.  
The information is current as at 31 August 2014.

Number and distribution of shareholders	Ordinary	Cumulative
		Preference
1 - 1,000	218	167
1,001 - 5,000	748	15
5,001 - 10,000	292	4
10,001 - 100,000	381	10
100,001 and over	81	0
Total number of shareholders	1,720	196
Total number of issued shares listed	137,987,365	394,000
Number of shareholders holding less than a marketable parcel	66	131

#### Voting Rights

Articles 63 to 70 of the Company's Constitution govern the voting rights of members. In summary, but without prejudice to the provisions of the Constitution, at any meeting of the Company every member present in person or by proxy or by attorney or by duly authorised representative shall on a show of hands be entitled to vote and, on a poll, be entitled to one vote for each share held. Preference shareholders' voting rights are limited to matters affecting the rights of such shareholders.

Substantial shareholders	Number of Shares	%	Class of Shares
Christopher Darcy Corrigan & Belfort Investments Ltd	23,837,314	17.27	Ordinary
Mr Peter Joy	17,481,039	12.67	Ordinary
Verolot Limited	13,299,781	9.64	Ordinary
Bevan David Cushing as trustee of the KD Cushing Family Trust	11,431,136	8.28	Ordinary

Twenty largest shareholders	Number of Shares	%
<i>Listed Ordinary Shares</i>		
HSBC Custody Nominees	29,755,722	21.56
Mr Peter Joy	17,481,039	12.67
Verolot Limited	13,299,781	9.64
Sir Selwyn John Cushing & Mr Bevan David Cushing <K D Cushing Family A/C>	11,431,136	8.28
The Tasmania Gifts Company Pty Ltd	5,133,699	3.72
Eagle Securities Limited	4,934,792	3.58
Sandhurst Trustees Ltd <JMFG Consol A/C>	4,918,236	3.56
Rathvale Pty Ltd	3,946,936	2.86
JP Morgan Nominees Australia Limited	2,965,276	2.15
Sandhurst Trustees Ltd <DMP Asset Management A/C>	2,540,391	1.84
Lily Securities Limited	1,283,424	0.93
Mr John Hosken	1,250,000	0.91
Australian Direct Investments <Super Fund A/c>	1,141,252	0.83
Ms Susan Stegmann	1,105,113	0.80
Citicorp Nominees Pty Limited	1,045,524	0.76
National Nominees Limited	971,430	0.70
Derek Goulet	776,232	0.56
Hemwood Pty Ltd	741,347	0.54
Dr Kui Lim Chong & Mrs Jocelyn Elizabeth Chong	700,730	0.51
Mr Geoffrey Duncan Nash <GDN Super Fund A/C>	625,000	0.45



**Twenty largest shareholders****Number of Shares****%***Listed 9% Cumulative Preference Shares*

Mr David Calvert & Mrs Lorne Calvert <Southpork Super Fd>	73,155	18.57
Winpar Holdings Limited	55,278	14.03
Mr Brian David Faulkner & Mrs Wendy Jean Faulkner	50,000	12.69
Mr Brian David Faulkner	35,019	8.89
Mr Leonard Wallace Boyd	15,556	3.95
Meggsies Pty Ltd	14,334	3.64
Mrs Frances Lorne Calvert	14,156	3.59
Mrs June Lorimer Tutty	14,062	3.57
Lesley Patricia Colman	11,800	2.99
Common Sense Investments Pty Ltd	10,953	2.78
Wilcorp No 41 Pty Ltd	7,800	1.98
Dr Gordon Bradley Elkington	7,340	1.86
Mary Graham Neild	6,800	1.73
Mr David John Doberer <David J Doberer S/F>	5,800	1.47
Kyleast Pty Ltd <Superannuation Fund>	5,000	1.27
Ladon Pty Ltd	4,822	1.22
Mrs Gwendoline Shelton	4,062	1.03
Seven Bob Investments Pty Ltd <RF Cameron Super Fund>	3,500	0.89
Dr David Megirian	2,666	0.68
Luaz Pty Ltd <Superannuation Fund>	2,664	0.68

**WEBSTER LIMITED**

AUSTRALIA'S 4TH OLDEST BUSINESS.  
ESTABLISHED 1831.



WEBSTER

#### **Webster Limited Directors**

R J Roberts  
S J L Stone  
C D Corrigan  
B D Cushing  
C D Langdon

#### **CEO**

J C Hosken

#### **Company Secretary**

S Stegmann

#### **Registered and Principal Administration Office**

349 Forth Road  
Forth TAS 7310  
Webster Limited ACN 009 476 000  
Web: [www.websterltd.com.au](http://www.websterltd.com.au)  
Email: [corporate@websterltd.com.au](mailto:corporate@websterltd.com.au)  
Telephone: 61 3 6427 5000  
Facsimile: 61 3 6427 5001

#### **Share Registry**

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152 Johnstone Street  
Abbotsford VIC Australia 3067  
Investor enquiries within Australia 1300 850 505  
Investor enquiries outside Australia 61 3 9415 4000  
Facsimile: 61 3 9473 2500  
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Webster Limited shares are listed on the  
Australian Stock Exchange (ASX).