

# WEBSTER LIMITED

## Appendix 4E: Preliminary Final Report

### Financial Year Ended 30 June 2015



It is recommended that this Preliminary Final Report is read in conjunction with the Annual Report for Webster Limited for the Financial Year ended 30 June 2014, the December 2014 Half-Year Report and any public announcements made by Webster Ltd and its controlled entities during the year ended 30 June 2015 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

## **Appendix 4E: Preliminary Final Report**

### **Contents**

	<b>Page</b>
Commentary on Results for the Year	2-5
Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Financial Statements	10-18
Compliance Statement	19

## Appendix 4E Preliminary Final Report

**WEBSTER LIMITED**  
**ACN 009 476 000**

### Reporting Period

Financial year ended 30 June 2015 ("current period")  
Previous corresponding period, financial year ended 30 June 2014

### Results for Announcement to the Market

				(\$'000) Current Period
Income from Ordinary Activities	Up	18%	to	77,503
Profit after Income Tax Expense	Down	-31%	to	5,759
Net Profit after Income Tax Attributable to Members	Down	-31%	to	5,759
Dividends				
			<b>Amount per Security</b> (cents)	<b>Franked Amount per Security</b> (cents)
Final dividend on Cumulative Preference Shares (payable 30/9/15)			4.5	4.5
Final dividend on Ordinary Shares (payable 30/10/15)			1.0	1.0
Record date for determining entitlements to Cumulative Preference Dividend				18-Sep-15
Record date for determining entitlements to Ordinary Dividend				7-Oct-15

### Brief explanation of any of the figures reported above

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

### Dividends

Dividends paid by Webster Limited during the current reporting period

		Payment Date	Amount (\$'000)	Amount Per Security of foreign sourced dividend
Cumulative Preference Dividends	Final	30-Sep-14	18	0 cents
	Interim	31-Mar-15	18	0 cents
Ordinary Dividends	Final	31-Oct-14	2,683	0 cents
	Interim	n/a	-	-

### Net Tangible Assets per Security

	Current Reporting Period (cents)	Previous Reporting Period (cents)
Net Tangible Assets per Security	42.28	78.94

### Annual Meeting

The annual meeting will be held as follows:  
Place: Australian Institute of Company Directors, Bond Street, Sydney  
Date: 19th November 2015  
Time: 10.00 a.m.

The attached Preliminary Final Report for the Year ended 30 June 2015, prepared pursuant to Appendix 4E and ASX Listing Rule 4.3A, is based on accounts which are in the process of being audited and therefore no audit report is attached. It is not expected that the accounts will be subject to dispute or qualification.

## **Commentary on Results for the Year**

Webster Limited (Webster) today announced a consolidated pre-tax profit from continuing operations of \$8.6m million for the year ended 30 June 2015 as compared to \$11.9 million for the prior year. The result was impacted by the once off acquisition costs of \$3.9million associated with;

- The purchase of land and water assets known as the Kooba aggregation (Kooba).
- The acquisition of land and water assets known as Bengorang Limited in return for shares in Webster.
- The takeover of land and water assets known as Tandou Limited in return for shares in Webster.

The sale of Field Fresh Tasmania (FFT) was completed on 30 June 2015, which resulted in a loss from discontinued operations of \$2.5 million.

After income tax, profit was \$5.8 million for the 2015 year. This compares with an after tax profit in 2014 of \$8.3 million.

Capital expenditure for the group totalled \$128.4 million for the 2015 year, with the key activities being the purchase of Kooba and the Stage 2 development of our newest walnut orchard at Avondale West. This is compared to total capital expenditure of \$18.7 million for the 2014 year.

### **Acquisition Accounting**

The acquisitions of Bengorang Ltd and Tandou Ltd were settled with a fixed number of WBA shares. As a result accounting standard AASB 3 'Business Combinations' values the consideration paid based upon the share price at acquisition date.

Directors negotiated the acquisitions in the months preceding their announcement. An independent expert assessed the transactions as "fair and reasonable". The Bengorang Ltd acquisition was subsequently approved by Webster shareholders at a general meeting, while the Tandou acquisition was communicated to shareholders and the market.

The quoted share price of WBA at the date of the announcement of the transactions on 27 February 2015 was \$1.330 and on the date of control of 29 May 2015, was \$1.915. The accounting treatment of these transactions, by being based upon the share price at acquisition date resulted in the consideration being in excess of the fair value of the assets acquired. As a result \$120.1m has been provisionally allocated to goodwill.

Accounting standard AASB3 'Business Combinations' is prescriptive in the manner in which the consolidated entity is required to recognise and measure goodwill, if any. Given the close proximity to year end Webster has not yet been able to complete the acquisition accounting as required by AASB3. The excess consideration has therefore been provisionally allocated to goodwill. Finalisation of the acquisition accounting will require the allocation of the goodwill to cash generating business units. This will then allow the testing of the resulting goodwill for impairment to be conducted at a level that reflects the way that Webster will manage its operations.

## **Horticulture**

Late spring growing conditions delivered high temperatures and extreme winds at the crucial pollination time seeing some late harvesting varieties negatively affected and the trees aborting fruit. Ultimately this negatively impacted yields. Yields increased marginally over last year but did not reach internal budgeted levels on some varieties.

Internal and external yield reviews were undertaken and management is confident that orchard management is consistent with best practice. Our expectation is that the trees will deliver mature yields at 5+ tonnes per hectare on average.

Walnut pricing has not enjoyed the pricing inflation that almonds are experiencing. Global walnut pricing has most recently been in deflation, influenced by the crop size from the two largest growing global regions, China and the USA. Both recorded large 2014 crops and are predicted to have record or near record 2015 crops.

Walnuts are sold globally in US Dollars and the movement in the AUD / USD exchange rate is a positive for Webster's final AUD walnut pricing. As well we are growing our sales footprint in Australia, balancing our sales and market mix between kernel and in-shell and export and domestic. Recent export statistics from The California Walnut Marketing Board show their exports to Australia have declined by 7%, indicating our import replacement sales program is gaining traction.

The three year development of our newest orchard, Avondale West continues with year two planting underway and on track for completion during October 2015. 400 hectares of orchard will be planted this year with the final 350 hectares planned to be planted in the winter of 2016.

## **Agriculture**

The operations of the agriculture division include the operation of Kooba since its acquisition in December 2014 as well as Tandou and Bengorang for approximately one month from acquisition date to 30 June 2015.

Kooba delivered strong yields for the reporting period. A key activity for the six months was the planning of the significant development opportunities at Kooba that will increase future production and realise the growth potential of this key asset.

## **Onions**

The sale of Field Fresh Tasmania (FFT) completed on the 30<sup>th</sup> June 2015 and subsequently Webster has exited the fresh produce vegetable industry. The sale was for all of the assets associated with the onion and former carrot business in Tasmania. The sale of the business compliments Webster's strategy of growing its core businesses and gives management deeper and more concentrated focus on these activities.

FFTs last season in onions produced a poor profit performance following a serious decline in quality reducing the saleable tonnage across fixed overheads. This coupled with subdued global markets resulted in a trading loss for this business unit.

**Dividend**

As previously advised to better recognise its seasonality of earnings, where sales and profits are heavily skewed to the second half, the company has resolved to only pay dividends at the full year rather than at the half and full year. Directors are pleased to declare a full year 1.0 cent per share, fully franked dividend on ordinary shares and a full year 4.5 cents per share fully franked dividend on preference shares.

**Moving Forward**

Webster is a large scale producer of agricultural commodities with a focus on walnuts and cotton. The company owns substantial land and water assets across several valleys in NSW with an existing potential, subject to water availability, to plant approximately 20,000 hectares of cotton and to harvest approximately 2,000 hectares of walnut trees.

Directors note that the Webster water portfolio is required to be valued at the lower of cost or net realisable value on the statement of financial position at \$228.9 million as at 30 June 2015. On the basis of market prices as at 30 June 2015 the value of the water portfolio would have been significantly higher.

The current outlook for Webster is generally positive and directors anticipate a continuation of earnings growth in the 2016 financial year.

Richard Haire  
Executive Chairman  
Webster Limited  
28 August 2015

**Webster Limited**  
**Consolidated statement of profit or loss and other**  
**comprehensive income**  
For the financial year ended 30 June 2015

	2015 (\$'000)	2014 (\$'000)
<b>Continuing Operations</b>		
Revenue	58,320	54,897
Cost of sales	(37,843)	(28,927)
<b>Gross profit</b>	<b>20,477</b>	<b>25,970</b>
Other income	19,183	8,668
Revaluation of non-current biological assets	-	2,085
Provision for doubtful debts	(798)	(1,605)
Acquisition expenses	(3,934)	-
Distribution expenses	(1,969)	(7,996)
Marketing expenses	(584)	(970)
Operational expenses	(13,124)	(9,519)
Administration expenses	(7,111)	(3,955)
Finance costs	(3,283)	(292)
Other expenses	(289)	(409)
<b>Profit before income tax expense</b>	<b>8,568</b>	<b>11,977</b>
Income tax expense	(318)	(3,649)
<b>Net profit for the period from continuing operations</b>	<b>8,250</b>	<b>8,328</b>
<b>Discontinued operation</b>		
Loss for the period from discontinued operations	(2,491)	-
<b>Profit for the period</b>	<b>5,759</b>	<b>8,328</b>
<b>Other comprehensive income, net of income tax</b>		
<i>Items that may be reclassified subsequently to profit and loss</i>		
(Loss)/gain on cash flow hedges taken to equity	(612)	1,023
Other comprehensive (loss)/gain for the period (net of tax)	(612)	1,023
<b>Total comprehensive income for the period</b>	<b>5,147</b>	<b>9,351</b>
<b>Profit attributable to:</b>		
Owners of the parent	5,871	8,328
Non-controlling interests	(112)	-
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	5,259	9,351
Non-controlling interests	(112)	-
<b>Earnings per share</b>		
Basic (cents per share)	3.70	5.62
Diluted (cents per share)	3.61	5.62

Notes to the financial statements are included on pages 10 to 18.

# Webster Limited

## Consolidated statement of financial position

As at 30 June 2015

	2015 (\$'000)	2014 (\$'000)
<b>Current Assets</b>		
Cash and cash equivalents	17,226	2,242
Trade and other receivables	34,743	22,102
Other financial assets	53	309
Inventories	81,452	18,271
Other assets	2,229	547
Biological assets	1,724	464
<b>Total current assets</b>	<b>137,427</b>	<b>43,935</b>
<b>Non-Current Assets</b>		
Trade and other receivables	2,314	2,947
Property, plant and equipment	218,056	50,783
Biological assets	33,964	31,635
Investment property	-	819
Loans	2,206	-
Investments	52	-
Deferred tax asset	12,876	2,586
Intangibles - water	228,941	2,848
Intangibles - goodwill	123,110	-
Intangibles - other	2,044	2,566
<b>Total non-current assets</b>	<b>623,563</b>	<b>94,184</b>
<b>Total assets</b>	<b>760,990</b>	<b>138,119</b>
<b>Current Liabilities</b>		
Trade and other payables	27,410	10,259
Borrowings	46,991	9,111
Current tax liability	-	1,612
Other financial liabilities	620	-
Provisions	1,569	1,393
<b>Total current liabilities</b>	<b>76,590</b>	<b>22,375</b>
<b>Non-Current Liabilities</b>		
Borrowings	149,743	489
Deferred tax liability	33,407	6,756
Provisions	159	56
<b>Total non-current liabilities</b>	<b>183,309</b>	<b>7,301</b>
<b>Total liabilities</b>	<b>259,899</b>	<b>29,676</b>
<b>Net assets</b>	<b>501,091</b>	<b>108,443</b>
<b>Equity</b>		
Issued capital	459,468	73,458
Reserves	(29)	361
Retained earnings	37,813	34,624
	<b>497,252</b>	<b>108,443</b>
Equity attributable to the owners of the Company	<b>497,252</b>	<b>108,443</b>
Non-controlling interests	3,839	-
<b>Total equity</b>	<b>501,091</b>	<b>108,443</b>

Notes to the financial statements are included on pages 10 to 18.



**Webster Limited**  
**Consolidated statement of changes in equity**  
For the financial year ended 30 June 2015

	Share capital (\$'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)	Non-controlling interests (\$'000)	Total (\$'000)
<b>Balance at 1 July 2013</b>	<b>73,458</b>	<b>(807)</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)
Equity issued under rights issue	-	-	-	-	-	-	-
Recognition of share based payments	-	-	145	-	145	-	145
<b>Balance at 30 June 2014</b>	<b>73,458</b>	<b>216</b>	<b>145</b>	<b>34,624</b>	<b>108,443</b>	-	<b>108,443</b>
Profit or loss for the year	-	-	-	5,871	5,871	(112)	5,759
Other comprehensive income for the year, net of tax	-	(612)	-	-	(612)	-	(612)
Total comprehensive income for the year	-	(612)	-	5,871	5,259	(112)	5,147
Payment of dividends	-	-	-	(2,683)	(2,683)	-	(2,683)
Equity issued via placement	17,866	-	-	-	17,866	-	17,866
Equity issued as consideration for acquisition of subsidiaries	368,144	-	-	-	368,144	-	368,144
Non-controlling interests arising on the acquisition of subsidiaries	-	-	-	-	-	3,952	3,952
Recognition of share based payments	-	-	222	-	222	-	222
<b>Balance at 30 June 2015</b>	<b>459,468</b>	<b>(396)</b>	<b>367</b>	<b>37,813</b>	<b>497,252</b>	<b>3,839</b>	<b>501,091</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 10 to 18.

**Webster Limited**  
**Consolidated statement of cash flows**  
For the financial year ended 30 June 2015

	<b>2015</b> (\$'000)	<b>2014</b> (\$'000)
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	107,090	49,568
Payments to suppliers and employees	(104,385)	(50,224)
Interest paid	(2,893)	(197)
Income tax paid	(1,348)	(1,171)
<b>Net cash (used in)/provided by operating activities</b>	<b>(1,536)</b>	<b>(2,024)</b>
<b>Cash Flows from Investing Activities</b>		
Interest received	206	720
Cash acquired on acquisition of subsidiaries	(302)	-
Payment for biological assets, property, plant and equipment	(128,422)	(18,780)
Proceeds from sale property, plant and equipment	9,772	2,535
<b>Net cash used in investing activities</b>	<b>(118,746)</b>	<b>(15,525)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from borrowings from others	144,685	8,900
Repayment of borrowings from others	(24,300)	-
Principal repayments under finance lease	(266)	(318)
Dividends paid	(2,719)	(4,060)
Proceeds from the issue of equity securities	17,866	-
<b>Net cash provided by financing activities</b>	<b>135,266</b>	<b>4,522</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>14,984</b>	<b>(13,027)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>2,242</b>	<b>15,269</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>17,226</b>	<b>2,242</b>

Notes to the financial statements are included on pages 10 to 18.

# **Webster Limited**

## **Notes to the Financial Statements**

For the financial year ended 30 June 2015

### **1 Summary of Accounting Policies**

#### **Statement of Compliance**

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

The preliminary final report does not include notes of the type normally included in an annual report and should be read in conjunction with the 30 June 2014 Annual Financial Report, the December 2014 Half-Year Financial Report and any public announcements made by Webster Ltd and its controlled entities during the year ended 30 June 2015 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

The preliminary final report was authorised for issue by the directors on 26 August 2015.

#### **Basis of Preparation**

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

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

#### **Significant Accounting Policies**

The accounting policies and methods of computation adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the company's 2014 Annual Financial Report for the year ended 30 June 2014, other than as detailed below.

#### **Adoption of new and revised Accounting Standards**

In the current year, the Group has applied a number of amendments to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2014, and therefore relevant for the current year end.

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

The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and 'simultaneous realisation and settlement'. The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments does not have any material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

# Webster Limited

## Notes to the Financial Statements

For the financial year ended 30 June 2015

### 1 Summary of Accounting Policies (continued)

#### Adoption of new and revised Accounting Standards (continued)

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

The amendments to AASB 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment related to the CGU.

Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by AASB 13 'Fair Value Measurements'. The application of these amendments does not have any material impact on the disclosures in the Group's consolidated financial statements.

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

The amendments to AASB 139 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. As the Group does not have any derivatives that are subject to novation, the application of these amendments does not have any material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

##### *AASB 2014-1 'Amendments to Australian Accounting Standards' (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles)*

The Annual Improvements 2010-2012 has made a number of amendments to various AASBs, which are summarised below.

- The amendments to AASB 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to AASB 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.
- The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.
- The amendments to AASB 116 and AASB 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.
- The amendments to AASB 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

# **Webster Limited**

## **Notes to the Financial Statements**

For the financial year ended 30 June 2015

### **1 Summary of Accounting Policies (continued)**

#### **Adoption of new and revised Accounting Standards (continued)**

The Annual Improvements 2011-2013 has made a number of amendments to various AASBs, which are summarised below.

- The amendments to AASB 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, AASB 139 or AASB 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within AASB 132.

The application of these amendments does not have any material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

#### *Interpretation 21 'Levies'*

Interpretation 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. Interpretation 21 has been applied retrospectively. The application of this Interpretation does not have any material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

#### *AASB 1031 'Materiality', AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' (Part B: Materiality), AASB 2014-1 'Amendments to Australian Accounting Standards (Part C: Materiality)*

The revised AASB 1031 is an interim standard that cross-references to other Standards and the 'Framework for the Preparation and Presentation of Financial Statements' (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations. Once all of these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031, AASB 2013-9 (Part B) and AASB 2014-1 (Part C) does not have any material impact on the disclosures or amounts recognised in the Group's consolidated financial statements.

#### **Standards and Interpretations in issue not yet adopted**

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below. The potential effect of the revised Standards/Interpretations on the Group's financial statements has not yet been determined.

#### *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.

#### *AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'*

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.

#### *AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'*

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

# Webster Limited

## Notes to the Financial Statements

For the financial year ended 30 June 2015

### 1 Summary of Accounting Policies (continued)

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

*AASB 2014-6 'Amendments to Australian Accounting Standards – Agriculture: Bearer Plants'*

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 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'*

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 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'*

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 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'*

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 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'*

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.

The following existing group accounting policies will change on adoption of these pronouncements:

*AASB 15 'Revenue from Contracts with Customers'*

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. AASB 15 will supersede the current revenue recognition guidance including AASB 118 'Revenue', AASB 111 'Construction Contracts' and the related Interpretations when it becomes effective. The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise the revenue when (or as) the entity satisfies a performance obligation

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The directors of the Group anticipate that the application of AASB 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of AASB 15 until the Group performs a detailed review.

# Notes to the Financial Statements

For the financial year ended 30 June 2015

	Note	2015 (\$'000)	2014 (\$'000)
<b>2 Profit from Operations</b>			
Profit from operations before income tax includes the following items of revenue and expense:			
<b>(a) Revenue</b>			
Revenue from the sale of goods		48,803	42,779
Revenue from the rendering of services		9,269	11,040
Interest revenue		204	720
Rental revenue		44	358
<b>Total revenue</b>		<b>58,320</b>	<b>54,897</b>
<b>(b) Other Income</b>			
Gain on disposal of property, plant and equipment and biological assets		29	132
Increment in net market value of agricultural assets held as inventory		16,537	6,378
Net foreign exchange gains		177	450
Research and development grants		105	161
Other		2,335	1,547
<b>Total other income</b>		<b>19,183</b>	<b>8,668</b>
<b>(c) Expenses</b>			
<b>Cost of sales</b>		<b>37,843</b>	<b>28,927</b>
Interest on loans		3,154	162
Dividends on instruments classified as financial liabilities		35	35
Other finance costs		94	95
<b>Total finance costs</b>		<b>3,283</b>	<b>292</b>
Depreciation of non-current assets		4,210	2,963
Amortisation of non-current assets		216	179
<b>Total depreciation and amortisation</b>		<b>4,426</b>	<b>3,142</b>

## 3 Issued Capital

347,705,383 (2014: 137,987,365) fully paid ordinary shares

(i)	459,468	73,458
	<b>459,468</b>	<b>73,458</b>

		2015		2014	
		Number	(\$'000)	Number	(\$'000)
(i) <u>Fully paid ordinary share capital</u>					
Balance at beginning of financial year		137,987,365	73,458	134,127,365	73,458
Shares issued	(ii) (iii)	209,718,018	386,010	3,860,000	-
Balance at end of financial year		<b>347,705,383</b>	<b>459,468</b>	<b>137,987,365</b>	<b>73,458</b>

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(ii) Share capital issued during the previous financial year  
3,860,000 ordinary shares were issued under the company's Long Term Incentive Plan (LTIP) in September 2013.

(iii) Share capital issued during the financial year  
17,475,728 ordinary shares were issued during the financial year to Australian Food and Fibre Ltd and associates in December 2014 in conjunction with the Kooba purchase. 107,670,120 ordinary shares were issued in May 2015 as consideration for the purchase of Bengering Limited. 84,572,170 ordinary shares were issued in June 2015 as a result of the successful takeover bid for Tandou Ltd.

# Notes to the Financial Statements

For the financial year ended 30 June 2015

for the financial year ended 30 June 2015

		Consolidated Cents per Share	
		2015	2014
<b>4 Earnings Per Share</b>			
Basic earnings per share	(a)	3.70	5.62
Diluted earnings per share	(b)	3.61	5.62
<b>(a) Basic Earnings per Share</b>			
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:			
		2015 (\$'000)	2014 (\$'000)
Earnings from operations	(i)	5,759	8,328
Weighted average number of ordinary shares for the purposes of basic earnings per share			
			155,452,035 134,127,365
<b>(b) Diluted Earnings per Share</b>			
The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:			
		2015 (\$'000)	2014 (\$'000)
Earnings from operations	(i)	5,759	8,328
Weighted average number of ordinary and potential ordinary shares for the purpose of diluted earnings per share			
			159,312,035 137,278,817
	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>Cents per share</b>	<b>Cents per share</b>
		<b>Total (\$'000)</b>	<b>Total (\$'000)</b>
<b>5 Dividends</b>			
<b>(a) Dividends paid during the year</b>			
<b>Fully paid ordinary shares</b>			
Final Dividend - FY2014 paid Oct 2014 (2014: FY2013 paid Oct 2013)		2.0 2,683	1.5 2,012
Interim Dividend - FY2015 Nil (2014: FY2014 paid Apr 2014)		- -	1.5 2,012
		<u>2,683</u>	<u>4,024</u>
<b>(b) Dividends proposed</b>			
The Directors have declared a fully franked 1.0 cent per share final dividend on ordinary shares, payable on 30 October 2015. The record date for determining entitlement to the ordinary dividend is 7 October 2015. The Directors have also declared a fully franked 4.5 cent per share dividend on cumulative preference shares payable on 30 September 2015. The record date for determining entitlement to the preference dividend is 19 September 2015.			
<b>(c) Franking credits balance</b>			
<b>Franking account balance at 1 July</b>			
Tax paid			2,798 3,367
Dividends paid			1,348 1,171
<b>Franking account balance at 30 June</b>			<u>(1,238) (1,740)</u>
Franking credits that will arise from the payment of income tax payable as at the reporting date			2,908 2,798
<b>Net franking credits available</b>			- 1,612
Impact on franking account balance of dividends not recognised			<u>2,908 4,410</u>
			(1,503) (1,183)



# Notes to the Financial Statements

For the financial year ended 30 June 2015

Consolidated	
2015	2014
(\$'000)	(\$'000)

## 6 Notes to the cash flow statement

### Reconciliation of cash and cash equivalents

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

Cash and cash equivalents	17,226	2,242
	<u>17,226</u>	<u>2,242</u>

### (b) Non-Cash Financing and Investing Activities

During the financial year, the consolidated entity did not acquire equipment via finance leases (2014: nil).

### (c) Financing Facilities

Secured bank loan facilities

- Amount used	194,590	8,900
- Amount unused	51,410	6,100
	<u>246,000</u>	<u>15,000</u>

### (d) Cash Balances not Available for Use

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

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

Profit for the period	5,759	8,328
Depreciation and amortisation of non-current assets	4,426	3,142
Adjustments relating to agricultural/biological assets	(5,640)	(8,463)
Net profit on sale of non-current assets	(448)	(132)
Impairment of land and buildings	-	-
Interest income received or receivable	(206)	(720)
Debt instrument dividends paid	36	36
Movements in working capital:		
- Decrease/(increase) in receivables	2,971	(6,767)
- Decrease/(increase) in inventories	(10,720)	(323)
- Increase/(decrease) in payables	4,474	328
- Increase/(decrease) in provisions	(662)	(88)
- Increase/(decrease) in tax balances	(1,527)	2,635
Net cash flows (used in)/ from operating activities	<u>(1,536)</u>	<u>(2,024)</u>

## 7 Business Combinations

### (a) Subsidiaries acquired

	Principal Activity	Date Acquired	Proportion of shares acquired %	Consideration transferred (\$'000)
Kooba Ag <sup>1</sup>	Agriculture	17/12/2014	-	123,269
Bengerang Ltd	Agriculture	29/05/2015	100.00	206,188
Tandou Ltd	Agriculture	29/05/2015	96.54	161,956

Kooba Ag, Bengerang Ltd and Tandou Ltd were acquired to continue the expansion of the Groups activities in agriculture.

1. On 17 December 2014 the Company acquired the assets of AgReserves Australia Limited (Kooba Ag). These assets included land, water and infrastructure assets as well as growing crop in ground.

### (b) Consideration transferred

	Kooba Ag (\$'000)	Bengerang Ltd (\$'000)	Tandou Ltd (\$'000)
Cash	123,269	-	-
Shares at fair value on date of acquisition	-	206,188	161,956
Total	<u>123,269</u>	<u>206,188</u>	<u>161,956</u>

Acquisition costs of \$3.9 million have been excluded from the consideration transferred and have been recognised as a separate expense in profit and loss.

(c) **Assets acquired and liabilities assumed at the date of acquisition**

	Kooba Ag (\$'000)	Bengerang Ltd (\$'000)	Tandou Ltd (\$'000)
<b>Current Assets</b>			
Cash and cash equivalents	-	153	(439)
Trade and other receivables	-	8,750	7,603
Inventories	11,615	8,496	36,564
Other assets	127	52	1,699
<b>Non-current Assets</b>			
Property, plant & equipment	51,675	57,054	58,061
Intangibles – water rights	60,541	61,960	98,440
Loan receivable	-	-	2,117
Deferred tax assets	-	3,631	19,231
<b>Current Liabilities</b>			
Trade and other payables	(293)	(2,351)	(9,973)
Borrowings	-	(9,533)	(23,652)
Provisions	(307)	(54)	(701)
<b>Non-current Liabilities</b>			
Borrowing	-	(8,982)	(23,170)
Deferred tax liability	-	(5,008)	(34,649)
Provisions	(89)	(12)	(143)
	<u>123,269</u>	<u>114,156</u>	<u>130,988</u>

The fair values assigned to identifiable assets and liabilities above for Bengerang Ltd and Tandou Ltd are presented on a provisional basis. As at the date of this report, taxation and fair value allocations are yet to be finalised. The group will recognise any adjustments to these provisional values as a result of completing the fair value accounting within twelve months of the acquisition date.

(d) **Goodwill arising on acquisition**

	Kooba Ag (\$'000)	Bengerang Ltd (\$'000)	Tandou Ltd (\$'000)
Consideration transferred	123,269	206,188	161,956
Less: Fair value of identifiable net assets acquired	(123,269)	(114,156)	(130,988)
Goodwill arising on acquisition	<u>-</u>	<u>92,032</u>	<u>30,968</u>

The goodwill arising on the provisional accounting for the above business combinations represents the excess of the consideration paid over the provisional fair values of the assets and liabilities acquired. The consideration paid is calculated by reference to the quoted share price of Webster Limited (WBA) at the date of control, being 29 May 2015, multiplied by the number of shares issued.

Directors negotiated the acquisitions in the months preceding the announcement of the transactions. An independent expert assessed the transactions as fair and reasonable. The Bengerang transaction was subsequently approved by Webster shareholders at an extraordinary general meeting, while the Tandou acquisition was communicated to shareholders and the market.

The allocation of goodwill and testing for impairment is yet to be completed as the full benefit of the acquisition is still being assessed due to the proximity of the acquisitions to the reporting date. None of the goodwill arising on acquisition is expected to be deductible for income tax purposes.

(e) **Impact of acquisition on the results of the Group**

Operating profit before tax for the year includes \$6.3m (excluding acquisition costs) in respect of Kooba Ag, \$0.14m in respect of Bengerang Ltd and (\$1.3m) in respect of Tandou Ltd.

## 8 Segment Information

(a) **Segments**

Following the purchase of the Kooba Ag assets and the acquisition of Bengerang Ltd and Tandou Ltd, the group manages and reports its business operations under two main reportable segments, Agriculture and Horticulture.

(b) **Segment revenue and results**

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment. In 2014 the group reported a single segment. For comparative purposes all amounts have been allocated to Horticulture.

	Segment Revenue		Segment Results	
	2015 (\$'000)	2014 (\$'000)	2015 (\$'000)	2014 (\$'000)
Agriculture	26,442	-	5,194	-
Horticulture	50,961	63,565	13,661	12,269
Total for continuing operations	<u>77,402</u>	<u>63,565</u>	<u>18,855</u>	<u>12,269</u>

Unallocated income	100	-
Corporate and directors costs	(3,170)	-
Finance costs	(3,283)	(292)
Acquisition costs	(3,934)	-
Profit before tax (continuing operations)	8,568	11,977

(c) **Segments assets and liabilities**

	2015 (\$'000)	2014 (\$'000)
<b>Assets</b>		
Agriculture	242,195	-
Horticulture	118,953	138,119
Total segment assets	361,148	138,119
Unallocated	388,407	-
Assets relating to discontinued operations	11,435	-
Consolidated total assets	760,990	138,119
<b>Liabilities</b>		
Agriculture	103,508	-
Horticulture	10,392	29,676
Total segment liabilities	113,900	29,676
Unallocated	142,796	-
Liabilities relating to discontinued operations	3,203	-
Consolidated total liabilities	259,899	29,676

## 9 Subsequent Events

On the 4th of August 2015 Webster Ltd reached 100% ownership of Tandou Ltd through compulsory acquisition of the remaining equity. Tandou Ltd will join the Webster Ltd tax consolidated group from that date. Consequently, there are tax effect accounting implications which should result in an uplift in the tax cost base of Tandou's assets of approximately \$2.088m (tax effected at the 30% company tax rate). Management anticipate that Tandou will recoup its tax losses prior to joining the Webster Ltd tax consolidated group. Accordingly deferred tax assets will decrease by approximately \$1.466m.

Subsequent to 30 June Bengering Ltd entered into agreements to purchase land and water for \$7.42m. On 20 August 2015 Bengering Ltd exercised it's call option to purchase the Medgun Property for \$8m.

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

## Compliance Statement

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

A handwritten signature in black ink, appearing to read 'R Haire', is positioned above the printed name.

**R Haire Chairman  
Webster Limited  
28 August 2015**