WEBSTER

Surety. Flexibility. Opportunity.

2014–15 Annual Report

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Chairman's Overview

It is a great privilege to write my first report as the Executive Chairman of Webster Limited (Webster). In accepting the opportunity to become a part of the Webster team, I was inspired by the company's rich heritage and motivated by its wealth of opportunity.

Webster today is a vastly different company to the one that reported to shareholders just 12 months ago. Throughout its history, Webster has reinvented itself many times. The transformation that occurred over the past twelve months represents another significant milestone in its agribusiness journey.

This latest iteration has been made possible by the efforts of many however I would like to make special mention of Rod Roberts, the former Chair of Webster. Rod has been an integral part of Webster for many years and in many capacities and I am delighted that the company continues to have the benefit of his wisdom, experience and deep corporate memory.

Webster delivered a consolidated pre-tax profit of $8.6 million for the year ended 30 June 2015 as compared to $11.9 million for the prior year. The result was impacted by the one-off acquisition costs of $3.9 million associated with the purchase of the Kooba aggregation, the acquisition of Bengerang Limited and the takeover of Tandou Limited. After income tax, the profit for the 2015 year was $5.8 million as compared to an after tax profit of $8.3 million for 2014. A key driver of the difference in earnings between the two years was the loss reported for the 2015 year by Field Fresh Tasmania, which was sold on 30 June 2015.

Our walnut business seized the opportunity of marketing both in-shell and kernel product produced at the recently built Leeton processing plant, as well as undertaking yield improvement projects to increase orchard production that should continue to deliver improvement over the coming years.

The agriculture team delivered strong yields at Kooba for the 6 months of owning the aggregation. The potential for organic and productivity driven growth of both businesses ensures that Webster will enter the new financial year with significant momentum.

The Webster asset base is a wonderful, diverse and geographically spread portfolio for its SURETY, FLEXIBILITY and OPPORTUNITY for enhancement. Our portfolio combines permanent crops (Horticulture) with sizeable capability in broad acre cropping assets with a large entitlement of water. In addition to cropping, we have a material investment in livestock operations.

The economic implications of our portfolio are that firstly, our permanent crops should generate consistent cash flow surpluses that are more predictable and reliable than the annual cropping system. This consistency of earnings provides the Board and management with a solid reference point for sustainable gearing levels for the business. At the same time, our ability to adjust our annual cropping program to respond to seasonal conditions and relative commodity prices provides us with tremendous potential to leverage opportunity.

Surety for Webster is achieved through the geographic diversity of our land bank. We operate substantial land holdings in northern NSW around Moree, western NSW in the Bourke district and south western NSW at Lake Tandou. We also farm a number of locations within the Murray Darling Basin in southern NSW at Hay, Griffith and Leeton. This geographic spread provides some degree of risk mitigation against all but the most severe climatic extremes.

Finally, our land holdings represent a good mix of fully developed land and land with potential for both productivity and value enhancement. Our opportunity to make substantial improvements at the Kooba aggregation will provide considerable productivity gains for Webster in the future.

Our water portfolio is one of the most significant in the Basin and, as with our farming assets, represents a great balance in terms of the mix between high security, general security and supplementary entitlements.

Australia's water markets have evolved very rapidly in recent years with both primary and secondary markets exhibiting strong growth in traded volumes and values. This is perhaps more noticeable in the southern systems where system connectivity and relatively broad cropping alternatives promote the shift of water to its highest and best value.

Our assets provide SURETY, FLEXIBILITY and OPPORTUNITY for the future. These key requirements of our business will be delivered by executing with accuracy and predictability and, in so doing, grow and expand Webster. We will achieve this by:

1. Walnuts

» Ensuring that we optimise our current yielding hectares and promote maximum productivity in our emerging plantings through careful stewardship.

» Continuing to build a robust agronomic knowledge base in edible nut production to inform current farming decisions and future growth options.

» Delivering a customer-focused strategy that builds relationships with those we see as reliable and loyal to the things we value – consistency of supply, quality of product, sustainability of practice and fair recognition of value.

2. Agriculture

» Managing the significant development potential of our southern region's holdings.

» Making accurate judgements about the highest and best value use of our irrigation capacity.

» Lifting the productivity of the southern aggregations to a more consistent level, in particular, when measured in terms of water-based productivity.

» Minimising the impact of significant price volatility on underlying earnings.

» Trapping economies of scale in procurement.

» Continuing to be agile in improving the overall quality of our farming portfolio.

3. Water

» Constantly refining the portfolio mix of our water asset base to best reflect the needs of our farming activities.

» Using our capability and knowledge in the physical markets to exploit opportunities in the traded market.

» Building "best in class" knowledge and execution capability in water markets.

We will pursue the multiple opportunities before us through a culture of long-term operational improvement to optimise long-term financial value. For this reason, we will constantly monitor our portfolio of assets to identify ways to boost their individual capability as well as understand the best long-term mix of land and water for us to operate and own.

Let me conclude by thanking my fellow directors and leadership team for their support, contribution and inspiration. To the hard working employees of the now larger Webster group, I sincerely thank you for your efforts thus far and look forward to us all working together moving forward.

The Webster of today represents the culmination of a carefully crafted and well executed corporate plan. A plan that was created with vision courage and conviction that provides SURETY, FLEXIBILITY and OPPORTUNITY for the future.

Richard Haire

Chairman

Walnuts

Growing to meet demand

Walnuts Australia is the Southern Hemisphere's largest walnut orchard owner and manager, producer and marketer of walnuts, producing approximately 90 per cent of the Australian walnut crop.

Our business is vertically integrated, from nursery through to market, where we offer both in-shell and walnut kernel products both locally and globally. We grow a range of walnut varieties and supply fresh walnuts in the counter-season to the Northern Hemisphere.

We established our first commercial-scale walnut orchard in 1996 in Tasmania and continued expanding our orchard footprint into the NSW Riverina region in 2004. Whilst young in industry terms, our growth and maturity into a world-class walnut operation continued in FY15.

State-of-the-art production

Ahead of the 2014 crop, we commissioned our state-of-the-art walnut cracking and processing facility and production line for in-shell and kernel product on our Leeton orchard site. This new capability gives us increased flexibility and allows us to capture the best value from the whole crop and to offer our customers both in-shell and kernel walnuts rather than the historical offering of in-shell only. This flexibility allowed us to process more walnuts as kernel than originally planned for the 2015 crop year, gain increased value and meet our customers' needs.

Globally, we are seeing a consumer preference shift in demand for kernel over in-shell. The production facility broadly met its targets in its first full year of packing with the forward focus being on achieving a higher kernel recovery rate and a reduction in production costs. We will support this in the FY16 financial year through capital investment, with our two major projects being the upgrade of the in-shell packing line to more automation and the installation of our own on-site cool room and fumigation facility for both finished goods and work in progress.

A seasonal challenge

In the spring lead up to the 2015 harvest, our NSW orchards experienced extreme weather conditions. Spring is pollination and fruit set time for walnuts and October 2014 produced high temperatures and extreme winds at this crucial time, seeing some late harvesting varieties adversely affected and the trees abort pollination. Although this negatively impacted yields in our NSW orchards, yields did increase marginally over last year without reaching internal budgeted levels on some varieties. Our Tasmania orchard operations delivered their yield targets for the third consecutive year.

As a result of this non-pollination event, we undertook internal and external yield reviews and are confident that orchard management is best practice. We expect the trees to deliver previously flagged mature yields at 5+ tonnes per hectare on average.

Planting our future

Our own nursery operation fuels our future growth aspirations. In FY15, we ramped up nursery production to produce sufficient trees for the year two planting of our newest walnut orchard, Avondale West.

Avondale West is in The Murrumbidgee Irrigation area and is being established over three years. It will produce its first commercial harvest in 2018. We are planting 400 hectares of orchard in winter and spring 2015, with the final 360 hectares planned for planting in winter and spring 2016. On completion, our total planted orchard area at Avondale West will be 920 hectares.

Within our portfolio of owned and managed orchards we currently actively farm 2,023 hectare of walnuts across New South Wales and Tasmania. On completion of the Avondale West property, our orchard estate area will grow to 2,923 hectares.

Peter Joy inspecting Tabbita Orchard with Walnuts Australia staff Derek Goullet and Colin Bruss

Balance and opportunity in a global market

Consumption and demand for walnuts globally is being driven by increased awareness of a healthy diet and the role that tree nuts plays in this, and growing middle income consumers, particularly in China. For Walnuts Australia, this demand thematic is overlayed with an import replacement opportunity in the Australian domestic market with consumers being patriotic and recognising the freshness of product grown locally.

Walnuts Australia further enjoys having a counter seasonal to Northern Hemisphere production window. We market the freshest walnuts in the world for six months every year and have easy access to the growing Asian region, led by China demand where walnuts are an important part of the diet.

Recent export statistics from the California Walnut Marketing Board show their exports to Australia have declined by 7% – proof our import replacement sales program is gaining traction. We continue to grow our sales footprint in Australia and globally we continue to evolve our sales mix between kernel and in-shell. Despite the market challenges, we are growing and opening new markets. We have identified two new major export markets for sales commencing in the coming year, and continue to evolve our domestic sales strategy with further opportunities for import replacement.

Over the last few years, walnut pricing has increased in line with other tree nuts, however, most recently price deflation has occurred as a result of the walnut crop size from the two largest global growing regions, China and the USA. Both recorded large 2014 crops and predict record or near record crops for the 2015 harvest.

The widely reported US drought conditions, that are impacting the US almond industry and driving prices up, are not currently relevant to the walnut industry. Broadly, the majority of walnuts are grown in the northern part of the Californian valley where growers have easy access to underground water compared to the majority of almond growing territory in the southern part of the valley where no underground water is available and growers rely fully on water being delivered to them.

Walnuts are sold globally in US Dollars and the recent movement in the AUD / USD exchange rate is a positive for Walnuts Australia's final AUD pricing.

Walnuts Australia's commitment to producing quality walnuts is recognised on both the local and international markets and we place a strong emphasis on maintaining this. We continue to build our credentials and reputation as a highly reliable, safe, consistent partner in the supply of fresh, high quality premium walnuts to our customers.

Agriculture

Growth and potential

During FY15, Webster acquired, Bengerang Limited, Tandou Limited and the Kooba aggregation, adding more than 40,000 hectares of irrigated land, 2,000 hectares of dryland farming and extensive grazing country to our holdings.

The acquisition of these land and water entitlements positions us as one of the largest irrigated farmers in Australia with a geographic spread across Southern Queensland and New South Wales. To optimise the potential of our assets, we utilise the grazing land for cattle and sheep production. As part of the Kooba acquisition, we gained a quality herd of Angus/Wagyu cattle from AgReserves Australia and Tandou pastoral is among the largest producers of organic lamb in Australia.

Partnering for experience and expertise

Webster entered into an agreement with Australian Food & Fibre Limited (AFF) to provide management services for our agricultural operations. AFF has a 30-year history of farming, with a focus on cotton production. AFF will provide experience and expertise with the integration, expansion and development of our agricultural operations.

Making the most of every hectare and every drop

Our primary agricultural focus is to utilise science and technology to achieve optimum crop mix, yield maximisation and water efficiency. We expect the predominant crop to be cotton due to the high gross margin per hectare and per megalitre. However, our properties are suited to a range of summer and winter crops. Our aim is to achieve a crop mix that results in long-term, sustainable farming whilst maximising profitability.

The year and the outlook

We harvested 3,100 hectares of irrigated summer crop at Kooba. Seasonal conditions and operation execution produced outstanding cotton and corn yields. The 2,170 hectares of cotton averaged 13.2 bales per hectare and the 930 hectares of corn yielded 13.4 tonnes per hectare. The majority of cotton achieved the base grade and discounts were minimal.

We expect cotton production to exceed 100,000 bales. Forward sales have been executed for 40% of budgeted production at a significant premium to historical levels. Current pricing remains above long-term levels.

We have planted a winter crop of 2,800 hectares of cereals and 2,400 hectares of chickpeas that will be harvested in November and December. To date, conditions have been better than average but we need spring rainfall in the north to achieve crop potential.

Grazing conditions are excellent in southern NSW following a wet winter and cattle prices are at historical highs. Yearling steers and heifers are currently being grazed on pastures and will be sold in November and December.

Future opportunities

Kooba aggregation provides scalable opportunity to convert premier Murrumbidgee land from inefficient border check irrigation to row crop farming and provides the opportunity for maximum utilisation of our water portfolio. Other works include construction of supply and recirculation systems and storage that has multiple benefits in timing of irrigation and efficient water management. Laser levelling of fields at Hay is ongoing. These improvements, in conjunction with the use of the latest technology for moisture monitoring, will provide water use efficiency and yield improvement.

Historically, cotton marketing has been conducted between growers and merchants. We have successfully trialled and will continue to investigate some innovative marketing opportunities to establish closer relationships directly with our customers. Our production volume and ability to guarantee the supply of a consistent product provide a great opportunity.

The recent acquisitions have expanded the Webster portfolio and our Agricultural division is now a large-scale grower of commodities capable of producing in excess of 250,000 bales of cotton, 50,000 tonnes of grain, 4,000 head of cattle and 10,000 lambs annually.

Webster Agriculture Locations

The Murray-Darling Basin region

1	*Lakeland Downs, Condamine*	5	*Booberoi Station, Condobolin*
2	*Bengerang, Garah*	6	*Pevensey, Glenmea and South Farm, Hay*
3	*Darling Farms, Bourke*	7	*Bringagee and Benerembah Station, Carrathool*
4	*Tandou, Menindee*	8	*Kooba Station, Darlington Point*

Water

Acquiring surety

FY15 was a year of significant and strategic change to Webster's water portfolio. Through acquisitions completed during the year, we now hold a water portfolio of more than 225 GL spread geographically from southern Queensland to northern Victoria. Previously, we depended on water from external sources to supply our operations. We now have the surety and flexibility of holding our own significant water entitlements.

A diverse mix

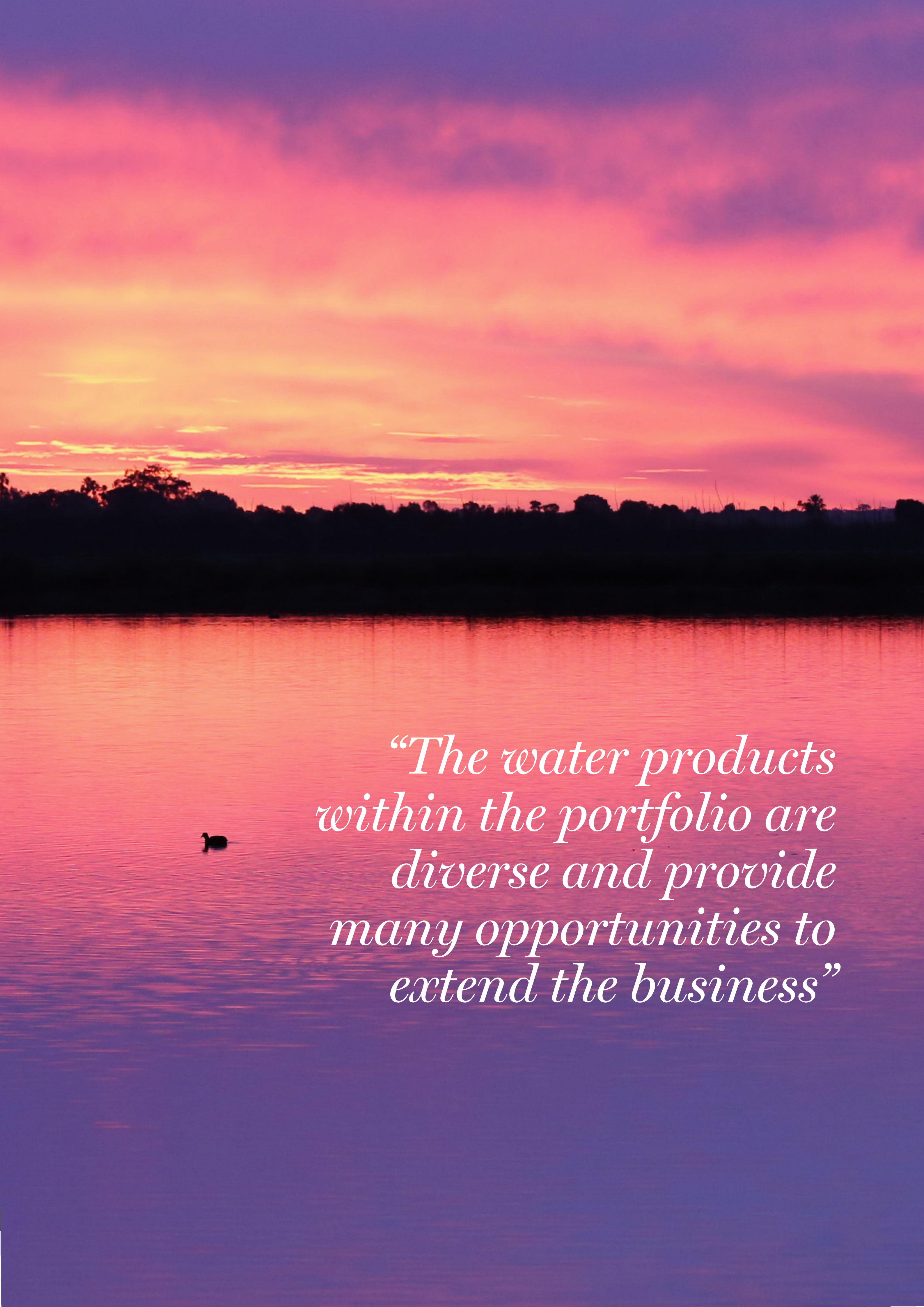
The water products within the Webster portfolio are diverse and provide many opportunities to extend the business. There is a mix of high and general security along with supplementary and groundwater entitlements. The Southern Connected Basin water products provide security for our walnut orchards and give us the flexibility to drive the economic return from production within the Murrumbidgee annual crop assets at Kooba and Hay.

Water availability at Bengerang and Darling Farms has improved marginally during recent months, however the drought in northern NSW and southern Queensland is adversely affecting water availability and crop areas on these properties and at Lake Tandou. The Darling at Menindee has experienced a record low inflow sequence during the last 2.5 years, lower than during the Millennium Drought. This has reduced cotton plantings across these three farms to 20% of normal.

Scale and balance

The current portfolio positions Webster for significant growth in our production businesses particularly around the Murrumbidgee. Many of the land and water assets were not fully utilised under previous ownership. The scale of our business will allow us to extract significant efficiencies from the water portfolio and its connection to our land assets. In an average water allocation year, our water portfolio is able to supply an average crop planting on the currently developed land with surplus water remaining. Our future expansion plans will utilise this surplus water both within the Horticultural and Agricultural businesses.

The value of water entitlements remains strong in the Southern Basin, supported by a combination of change in use to higher value crops, government buybacks and improving commodity returns. In the Northern Basin, water entitlement values remain steady without significant change in values since the Millennium Drought. Water supply remains tight across the basin, however the Murrumbidgee has had significantly better conditions during winter 2015 compared to areas to the north and south, placing Webster in a strong position for production in the year ahead.



"The water products within the portfolio are diverse and provide many opportunities to extend the business"

Field Fresh Tasmania

Exit strategy

Subsequent to the sale of Field Fresh Tasmania (FFT) completed on the 30 June 2015, Webster has exited the fresh produce vegetable industry. The sale, which divested all assets associated with our onion and former carrot business in Tasmania, complements Webster's strategy of growing our core businesses and giving management deeper and more concentrated focus on these activities.

FFT's last season in onions produced an operating loss. Despite there being an ideal planting window in spring 2014, quality was generally poor resulting in a reduction of saleable tonnes across fixed overheads and customer claims. This, coupled with subdued global markets, low pricing levels and a glut of locally grown onions in our traditional main market Europe from their local crop, resulted in a loss from discontinued operations of $2.5 million.

Webster participated in the fresh vegetable sector for 18 years. During this time we built strong relationships with growers, suppliers and customers. In exiting this business, we recognise and thank them as well as staff and contractors for their contribution and service to our business.

"The sale of the business complements Webster's strategy of growing its core businesses and gives management deeper and more concentrated focus on these activities"

Outlook

Surety

The strategic ownership and geographic spread of the Webster water portfolio provides surety for the business moving forward. The mix of high and general security water along with supplementary and ground water entitlements ensures that the company's walnut orchards will be supplied during seasons of low water allocation.

Flexibility

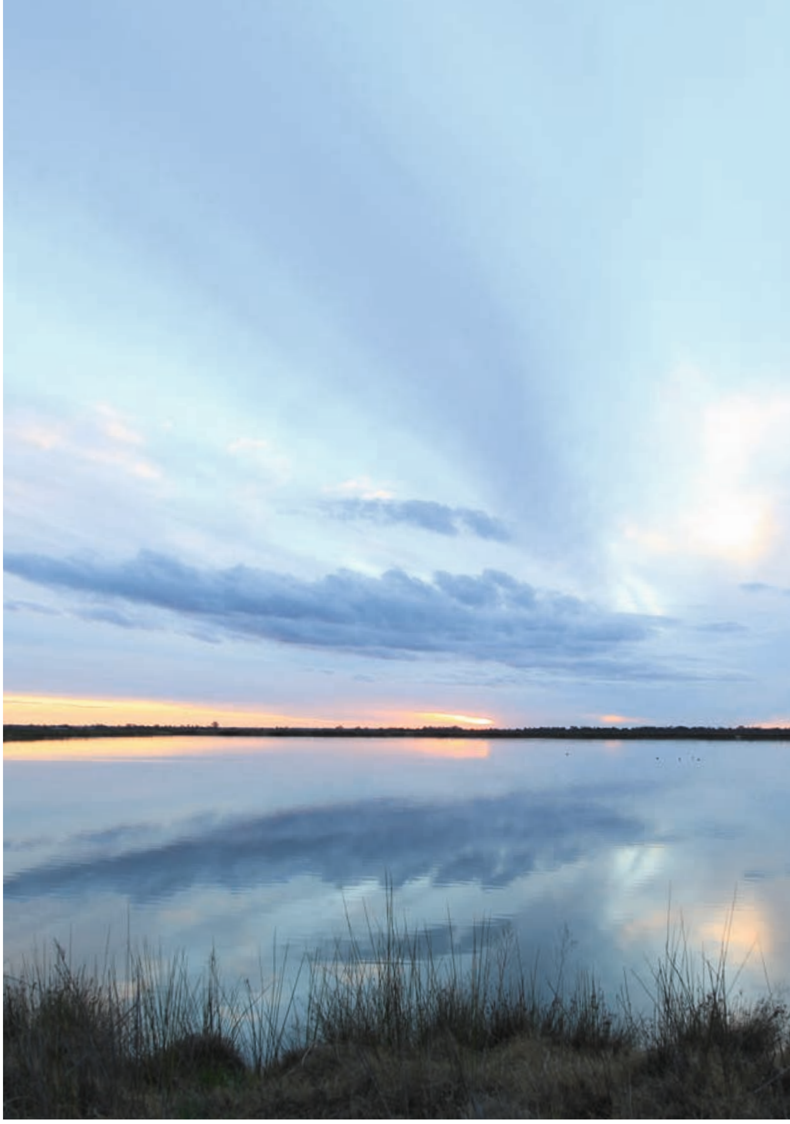
The Webster asset base ensures that the company is uniquely poised to seize opportunities as they present themselves.

The new Walnut cracking plant at Leeton provides the flexibility to market walnuts on an in-shell or kernel basis and in a variety of markets. While the Agriculture portfolio enables the business to rotate cropping to maximise the utilisation of water depending upon its availability for a given season.

Opportunity

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.

The company is positioned to continue to grow. The outlook for Webster is positive and directors anticipate earnings growth in the 2016 financial year.


Directors' Report

The directors of Webster Limited (ACN 009 476 000) (herein referred to as Webster or the Company) submit herewith the annual financial report of the Company for the financial year ended 30 June 2015. 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:

Richard Haire - BEc, FACID
(Executive Chairman) [1]

Mr Haire was appointed Executive Chairman in June 2015.

Mr Haire has 30 years experience in the international cotton and agribusiness industry, including 26 years in agricultural commodity trading and banking. He was appointed as a director of the Bank of Queensland in April 2012. Mr Haire formerly held the position of Australian and New Zealand Managing Director and regional head of Olam International. He has also held the offices of director for the Cotton Research and Development Corporation, Open Country Diary (NZ), New Zealand Farming Systems Uruguay, SunWater Limited and the CSIRO Advisory Board for Field Crops.

Rod Roberts - BEc, MBA, FAICD
(Non-executive Director) [1]

Mr Roberts was appointed Managing Director in October 1996 until 2001 and Chairman from October 2001 to August 2007 and again from November 2008 to June 2015.

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.

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 a 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 Fruitfed 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.

Chris Langdon – BCom (Econ)
(Non-executive Director) [1]

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

David Robinson – MBBS FRACS
(Non-executive Director) [1]

Mr Robinson was appointed non-executive director in June 2005 until November 2008 and again from December 2014. He held the role of Chairman of Webster Limited from August 2007 to November 2008.

Mr Robinson has 30 years' experience in large irrigated and broad acre farming as principal of Red Mill Pastoral Company and Moreton Pastoral Company. He is the Executive Chairman of Australian Food and Fibre Limited. Mr Robinson has also held the offices of Chairman of Bengerang Limited and Deputy Chairman of Cotton Australia Limited.

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

Dr Stone was appointed as non-executive director from May 2006 and retired in November 2014.

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.

Joseph Corrigan – BA
(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 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 S Stone – retired 11 November 2014
» Mr D Robinson – appointed 17 December 2014
» Mr R Haire – appointed 15 June 2015

Directors' shareholdings are disclosed on page 28 of the Remuneration Report. There has been no change in Directors' shareholdings between the end of the financial year and the date of this Directors' Report.

1. Tandou Limited
Rod Roberts, Chris Langdon and David Robinson were appointed as directors 3 June 2015. Richard Haire was appointed as a director on 19 June 2015. Tandou Limited was delisted from the Australian Stock Exchange on 14 August 2015. They remain directors of Tandou Ltd which is now a subsidiary of Webster Limited.

Directors' Report

For the financial year ended 30 June 2015

2. Company Secretary

Ms Susan Stegmann (BCom) joined Webster in early 2002 and was Company Secretary from 2008 until 26 August 2015. She is a member of CPA Australia and holds a Bachelor of Commerce from the University of Tasmania.

Mr Andrew Reilly (BBus) was appointed as Company Secretary on 26 August 2015.

3. Principal Activities

The principal activity of Webster during the year was the production, processing and marketing of walnuts and onions. A number of broad acre irrigated cropping operations were acquired during the year with the principal activity being cotton production as a summer crop. The onions business was sold on 30 June 2015.

4. Review of Operations

A detailed review of the operations of Webster during the financial year and the results of the business units is disclosed in the Chairman's Overview on pages 4–5 and the business unit reports on pages 6–13.

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 FY15, six 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 Haire	1	1	*	*	*	*	*	*
R J Roberts	6	6	2	2	1	1	1	1
C D Corrigan	6	6	*	*	1	1	1	1
B D Cushing	6	5	2	2	*	*	1	1
C D Langdon	6	5	2	2	*	*	*	*
D W Robinson	4	4	*	*	1	1	*	*
S Stone	2	2	*	*	*	*	*	*

* *Not a committee member*

6. Corporate Governance

In fulfilling our obligations and responsibilities to our various stakeholders, the Board of Webster recognises the need to implement and maintain a robust system of governance. The Board 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.

Webster complies with most of the principles outlined in the ASX guidelines and we, the Board, remain 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 Webster's current practices in each of the areas identified in the ASX guidelines.

6.1 Lay solid foundations for management and oversight

The Webster Board of Directors is responsible for the overall corporate governance of Webster 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 our long-term success. We clearly understand and respect the separation of responsibilities between the Board and management.

6.2 Structure the Board to add value

Webster 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 one executive director and five non-executive directors.

It is our intention to maintain a majority of non-executive directors on the Board. We are of the view that directors possess an appropriate mix of skills, experience, expertise and diversity to enable us to discharge our responsibilities.

We consider the independence of directors to be assessed on their capacity to act in accordance with their duties and put the interests of Webster and its shareholders first, so that they are objectively capable of exercising independent judgement. We consider that each of the current directors has this capacity. We note the definition of "independence" contained in the ASX guidelines and recognise that Mr R Roberts 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 is supported by the following committees, which each have their own charter and operating procedures, assist us in the discharge of our 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.

Directors' Report

For the financial year ended 30 June 2015

Audit & Risk Committee

The Audit & Risk Committee monitors internal control policies and procedures designed to safeguard Webster's 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 Webster.

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 Webster'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 FY15. Current members of the Audit and Risk Committee are Messrs C D Langdon (Chairman), R J Roberts and B D Cushing.

Details of the names and qualifications of those appointed to the Audit and Risk Committee are contained on page 16–17 of the Directors' Report. The number of meetings of the Audit & Risk Committee and names of the attendees are contained on page 18.

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

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

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), D W Robinson and C D Corrigan. The Committee met once during FY15.

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 C D Corrigan (Chairman), B D Cushing and R J Roberts. The Committee met once during the 2014–15 year.

6.3 Promote ethical and responsible decision making

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

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

Our 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 has developed and adopted a Securities Trading Policy that prohibits employees trading Webster's shares due to knowledge of undisclosed information. At other times, directors and employees are permitted to trade in Webster 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 Webster's expense for the purpose of the proper performance of their duties.

Webster 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. Webster is committed to further enhancing diversity and we recognise that embracing diversity in our workforce contributes to the achievement of our objectives.

Although Webster has a rich diversity amongst employees, we recognise the need to improve diversity at senior executive and Board level. As at 30 June 2015, the Chair and the Company Secretary of AGW Funds Management Limited (a wholly owned subsidiary of Webster that acts as the Responsible Entity for three Managed Investment Schemes) and Webster's Company Secretary were all female. Following the purchase of the Kooba aggregation and the acquisitions of Bengerang Limited and Tandou Limited females comprise approximately 25% of senior executives, 20% of permanent employees and 16% of seasonal/casual employees.

To further enhance our commitment to gender diversity, we have developed the following objectives (which will be monitored and evaluated by the Board):

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

6.4 Safeguard integrity in financial reporting

The Board is responsible for the integrity of financial data and we have 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 Webster's financial reports present a true and fair view, in all material respects, of Webster'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 our shareholders and potential investors in relation to the financial risk, audit, corporate accounting and reporting practices of the company.

6.5 Make timely and balanced disclosures

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

Webster is committed to complying with the continuous disclosure obligations of the *Corporations Act 2001* and the ASX Listing Rules. We have developed and adopted a continuous disclosure policy and procedure, which ensures all material matters concerning Webster are conveyed immediately and effectively. Webster 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, we release all market-sensitive data, annual and half yearly reports and addresses by the Chairman to the stock exchange through ASX On-Line. We also posts reports, newsletters, ASX releases, Annual General Meeting and other major presentations on our website: www.websterltd.com.au.

The external audit partner in charge of Webster's 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.

Directors' Report

For the financial year ended 30 June 2015

6.6 Respect the rights of shareholders

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

We publish a comprehensive Annual Report incorporating financial and other information. We send this to shareholders on request and make it available to the public, as well as being posted on our website. We also make a Half-Year Report incorporating abbreviated financial data and market commentary available on the same basis.

Webster maintains a website (www.websterltd.com) that contains our shareholder and stakeholder information in addition to information about our products. Previous Annual and Half-Year Reports are available on the site.

Our 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 Webster's Annual General Meeting is sent to our shareholders, as well as being posted on the website and released to the ASX. Our 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 our shareholders and other stakeholders. We welcome the public and the media to attend General Meetings as observers.

6.7 Recognise and manage risk

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

We, the Board, are responsible for Webster's system of internal controls and we monitor the operational and financial aspects of Webster'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.

Webster 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.

6.8 Remunerate fairly and responsibly

Webster recognises that the process of enhancing shareholder value depends on 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 our 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, Webster 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. They conduct the review annually, having regard to management performance and comparative external compensation levels, and may seek independent advice 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 Webster's executive remuneration policy is to set remuneration levels to attract and retain appropriately qualified and experienced directors and senior executives. Our 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. The Board reviews non-executive directors' fees 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

We continued to adopt a cash-based Short-Term Incentive Program (STI) for FY15. We provided for no bonus payments during FY15 (FY14: $326,724). The Program is applicable to key management personnel who 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 Webster.

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.

Directors' Report

For the financial year ended 30 June 2015

Long-Term Incentives

On 27 August 2013, the Board adopted an executive Long-Term Incentive Plan (LTIP) to provide our 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 ordinary shares and Webster will make a limited recourse interest-free loan available to them 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 five trading days prior to the date of issue. Shares issued under the LTIP rank pari passu (equally) with existing ordinary shares and are entitled to participate in dividends as well as future rights and bonus issues. The LTIP rewards participating executives for Webster's improvement in share price and hence shareholder value over the long term.

FY15 — Details of LTIP shares granted as compensation to key management personnel

Executive	Share Rights Issued	Share Rights Forfeited	Issue/ Excercise Price	Issue Date	Vesting/ Expiry Date	Current Year Expense	Total Value Granted (i)
J C Hosken	625,000		$0.86	05/09/13	05/09/16	$37,677	$113,030
	625,000		$0.86	05/09/13	05/09/17	$32,148	$128,593
S J Stegmann	550,000		$0.86	05/09/13	05/09/16	$33,156	$99,467
	550,000		$0.86	05/09/13	05/09/17	$28,291	$113,162
D C Goullet	387,500		$0.86	05/09/13	05/09/16	$23,360	$70,079
	387,500		$0.86	05/09/13	05/09/17	$19,932	$79,728
C Barnes (ii)	367,500		$1.23	05/09/14	05/09/17	$25,730	$93,562
	367,500		$1.23	05/09/14	05/09/18	$21,789	$105,645
	3,860,000					$222,082	$803,266

(i) *The value of benefits granted under the LTIP during the year 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 form issue to vesting date.*

(ii) *C Barnes was issued 735,000 share rights during the year.*

FY14 — Details of LTIP shares granted as compensation to key management personnel

Executive	Share Rights Issued	Share Rights Forfeited	Issue/ Excercise Price	Issue Date	Vesting/ Expiry Date	Current Year Expense	Total Value Granted (i)
J C Hosken	625,000		$0.86	05/09/13	05/09/16	$31,397	$113,030
	625,000		$0.86	05/09/13	05/09/17	$26,790	$128,593
S J Stegmann	550,000		$0.86	05/09/13	05/09/16	$27,630	$99,467
	550,000		$0.86	05/09/13	05/09/17	$23,576	$113,162
D C Goullet	387,500		$0.86	05/09/13	05/09/16	$19,466	$70,079
	387,500		$0.86	05/09/13	05/09/17	$16,610	$79,728
R J Birtill (ii)	367,500	367,500	$1.23	05/09/13	05/09/16	$0	$0
	367,500	367,500	$1.23	05/09/13	05/09/17	$0	$0
	3,860,000	735,000				$145,469	$604,059

(i) *The value of benefits granted under the LTIP during the year 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 form issue to vesting date.*

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

7.3 Relationship between remuneration policy and company performance

The following tables set out summary information about Webster's earnings and movements in shareholder wealth for the five years to June 2015. Analysis of the figures shows an increase in profits from 2011 to 2014, with 2015 being affected by acquisition costs from the purchase of Bengerang Ltd and the takeover of Tandou Ltd.

The improvement in Webster's performance over the five years has been reflected in an increase in our share price over the same period.

	30 June 2015 ($000)	30 June 2014 ($000)	30 June 2013 ($000)	30 June 2012 ($000)	30 June 2011 ($000)
Revenue	77,503	65,650	61,774	48,159	48,721
Net profit before tax	8,568	11,977	9,922	5,196	1,850
Net profit after tax (i)	5,759	8,328	6,967	3,998	6,357

Share price at start of year	$0.86	$0.70	$0.50	$0.37	$0.36
Share price at end of year	$1.57	$0.86	$0.70	$0.50	$0.37
Interim Dividend	—	1.50 cps	1.00 cps	0.50 cps	—
Final Dividend	1.00 cps	2.00 cps	1.50 cps	1.50 cps	1.00 cps
Basic earnings per share (i)	3.70 cps	6.21 cps	5.62 cps	4.31 cps	9.84 cps

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

7.4 Key Management Personnel Details

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

Directors

- R A G Haire (Executive Chairman) – appointed 15 June 2015
- R J Roberts (Non-executive Director)
- C D Corrigan (Non-executive Director)
- B D Cushing (Non-executive Director)
- C D Langdon (Non-executive Director)
- D W Robinson (Non-executive Director) – appointed 17 December 2014
- S J L Stone (Non-executive Director) – retired 11 November 2014

Executives

- J C Hosken (Chief Executive Officer) – retired 15 June 2015 and appointed Head of Horticulture
- S J Stegmann (Company Secretary and Chief Financial Officer) – retired 26 August 2015
- D C Goullet (General Manager Operations, Walnuts Australia)
- C D Barnes (General Manager Orchards, Walnuts Australia)
- K M Brown (General Manager Sales, Field Fresh Tasmania) – made redundant 22 May 2015
- D M Jones (General Manager Sales, Walnuts Australia) – resigned 28 February 2015

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.

R A G Haire is employed under a fixed term contract for a period of three years, expiring 15 June 2018, which includes a 180-day notice period for termination and a twelve-month salary termination payment.

J C 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. S J Stegmann was employed on a two-year contract which expired on 31 August 2015, which included a 6-month notice period for termination.

Directors' Report

For the financial year ended 30 June 2015

7.5 Remuneration Details of Key Management Personnel

The following tables disclose compensation of Webster's key management personnel:

2015	Short Term			Post Employment	Termination	Share-Based Accounts	Total	Fixed Remuneration	Remuneration Linked to Performance
Key Management Personnel	**Salary & Fees**	**Bonus**	**Non-Monetary**	**Super**		**LTIP**			
Directors									
R J Roberts	121,744	—	5,100	11,566	—	—	138,410	100%	—
S J L Stone (i)	37,198	—	2,125	3,533	—	—	42,856	100%	—
C D Corrigan	54,005	—	5,100	5,130	—	—	64,235	100%	—
B D Cushing	58,402	—	5,100	5,548	—	—	69,050	100%	—
C D Langdon	63,638	—	5,100	—	—	—	68,738	100%	—
D W Robinson (ii)	15,678	—	2,763	1,489	—	—	19,930	100%	—
R A G Haire (iii)	—	—	—	—	—	—	—	100%	—
Executives									
J C Hosken	223,862	—	24,600	18,090	—	69,825	336,377	100%	0%
S J Stegmann	215,415	—	8,100	16,986	—	61,446	301,947	100%	0%
D C Goullet	132,567	—	19,500	12,425	—	43,292	207,784	100%	0%
C D Barnes	141,897	—	19,500	12,930	—	47,516	221,846	100%	0%
K M Brown (iv)	97,249	—	17,875	9,564	15,365	—	140,053	100%	0%
D M Jones (v)	83,657	—	13,000	8,291	—	—	104,948	100%	0%
Total	1,245,312	—	127,863	105,552	15,365	222,082	1,716,174		

(i) *Mr S J L Stone retired on 11 November 2014*

(ii) *Mr D W Robinson was appointed on 17 December 2014*

(iii) *Mr R A G Haire was appointed on 15 June 2015*

(iv) *Ms K M Brown's position was made redundant on 22 May 2015*

(v) *Mr D M Jones resigned on 28 February 2015*

(vi) *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.*

2014	Short Term			Post Employment	Termination	Share-Based Accounts	Total	Fixed Remuneration	Remuneration Linked to Performance
Key Management Personnel	Salary & Fees	Bonus	Non-Monetary	Super		LTIP			
Directors									
R J Roberts	110,870	—	4,603	10,255	—	—	127,728	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%	—
Executives									
J C Hosken (ii)	203,870	83,750	23,336	17,928	—	58,187	387,071	78.4%	21.6%
S J Stegmann	202,401	65,050	7,603	18,375	—	51,206	344,635	81.1%	18.9%
D C Goullet	112,359	60,062	19,500	20,937	—	36,706	248,934	75.9%	24.1%
K M Brown (iii)	112,745	14,637	19,500	10,175	—	—	157,057	90.7%	9.3%
D M Jones (iv)	104,004	48,400	15,438	9,288	—	—	177,130	72.7%	27.5%
C D Barnes (v)	92,098	54,825	12,350	7,989	—	—	167,262	67.2%	32.8%
R J Birtill (vi)	100,705	—	16,250	9,063	36,906	—	162,924	100%	0%
Total	1,277,362	326,724	143,441	164,676	167,981	145,469	2,225,653		

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

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

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

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

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

(vi) *Mr R J Birtill resigned on 2 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 financial year ended 30 June 2015

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 Webster on the same terms and conditions available to other employees and customers. During the year, Webster entered into management agreements with Australian Food and Fibre Ltd (pursuant to the purchase of the Kooba Aggregation, Bengerang Ltd and Tandou Ltd), a company in which Mr David Robinson is an associate.

Consolidated profit for the year includes $400,000 (FY14: nil) of management fee expense arising from transactions with key management personnel of Webster or their related parties. Outside the above and contracts of employment, no other key management personnel have entered into a contract with Webster during the financial year.

7.7 Equity Holdings of Key Management Personnel

The following tables discloses details and movements in equity holdings of key management personnel of Webster:

Number of ordinary shares (ORD) held directly, indirectly or beneficially	Type	Balance @ 1/7/14	Received on exercise of options	Share Rights LTIP	Net other change	Balance @ 30/6/15
Directors						
R J Roberts	ORD	5,143,187	—	—	—	5,143,187
C D Corrigan	ORD	23,837,314	—	—	19,269,179	43,106,493
B D Cushing	ORD	11,431,136	—	—	8,813,277	20,244,413
C D Langdon	ORD	1,444	—	—	—	1,444
D W Robinson (i)	ORD	2,500	—	—	54,029,399	54,031,899
R A G Haire (i)	ORD	—	—	—	—	—
Executives						
J C Hosken	ORD	1,250,000	—	—	—	1,250,000
S J Stegmann	ORD	1,105,113	—	—	—	1,105,113
D C Goullet	ORD	776,232	—	—	—	776,232
C D Barnes	ORD	—	—	735,000	—	735,000
		43,546,926	—	735,000	82,111,855	126,393,781

(i) *Opening balances for D W Robinson and R A G Haire are as at their respective appointment dates.*

Number of ordinary shares (ORD) held directly, indirectly or beneficially	Type	Balance @ 1/7/14	Received on exercise of options	Share Rights LTIP	Net other change	Balance @ 30/6/15
Directors						
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
Executives						
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

8. Issue of Shares

In December 2014, 17,475,728 ordinary shares were issued to Australian Food and Fibre Ltd and associates in conjunction with the Kooba Aggregation purchase. In May 2015, 107,670,120 ordinary shares were issued as consideration for the purchase of Bengerang Ltd, and in June 2015 a further 84,572,170 ordinary shares were issued as a result of the successful takeover bid for Tandou Ltd (2014: 3,860,000 ordinary shares were issued under Webster's Long-Term Incentive Plan).

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 Webster or any controlled entity have been granted by Webster 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 2014 and 31 March 2015.

» A dividend of 2.0 cents per share on ordinary shares was paid on 31 October 2014.

The directors have declared a fully franked dividend on ordinary shares of 1.0 cent per share, payable on 30 October 2015. The record date for determining entitlement to the dividend is 7 October 2015.

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 Webster during the year.

12. Subsequent Events

On the 4 August 2015, Webster reached 100% ownership of Tandou Ltd through compulsory acquisition of the remaining equity. Tandou Ltd will join the Webster 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 tax consolidated group. Accordingly, deferred tax assets will decrease by approximately $1.466m.

Subsequent to 30 June 2015, Bengerang Ltd entered into agreements to purchase land and water for $7.42m. On 20 August 2015, Bengerang Ltd exercised its 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.

13. Likely Developments

We have covered likely developments in Webster's operations known at the date of this report elsewhere within this report. In the directors' opinion, any further disclosure of information would prejudice the Webster's interests.

14. Officers' Indemnities and Insurance

During FY15, Webster paid a premium in respect of a contract insuring the directors of Webster (as named above), the Company Secretary, and all executive officers of Webster 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. Webster has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of Webster or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' Report

For the financial year ended 30 June 2015

15. Environmental Regulations

Webster operates various processing facilities that are subject to environmental controls. We know no issues that are outstanding with regulatory authorities and Webster is operating within accepted guidelines.

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 auditors' 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 FY15 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 Webster, acting as advocate for the Webster 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 31.

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 Haire

Chairman
Brisbane, 28 September 2015

Independence Declaration

to the Directors of Webster Limited

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Webster Limited
148 Colinroobie Road
Leeton NSW 2705

28 September 2015

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 2015, 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

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

Deloitte.

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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 2015, the consolidated statement of profit or loss and other 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 34 to 82.

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.

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 2015 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 23 to 28 of the directors' report for the year ended 30 June 2015. 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 2015, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Carl Harris
Partner
Chartered Accountants
Hobart, 28 September 2015

Directors' Declaration

For the financial year ended 30 June 2015

The directors declare that:

(a) In the directors' opinion, there are reasonable grounds to believe that Webster 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 Webster; 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 Haire

Chairman
Brisbane, 28 September 2015

Financial Statements

Consolidated statement of profit or loss and other comprehensive income

For the financial year ended 30 June 2015

Continuing Operations	Note ($'000)	2015 ($'000)	2014 ($'000)
Revenue	2(a)	58,320	54,897
Cost of sales		(37,843)	(28,927)
Gross profit		**20,477**	**25,970**
Other income	2(b)	19,183	8,668
Revaluation of non-current biological assets		—	2,085
Provision for doubtful debts	5	(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)
Profit before income tax expense		**8,568**	**11,977**
Income tax expense		(318)	(3,649)
Net profit for the period from continuing operations		**8,250**	**8,328**
Discontinued operation			
Loss for the period after tax from discontinued operations		(2,491)	—
Profit for the period		**5,759**	**8,328**
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit and loss			
(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
Total comprehensive income for the period		**5,147**	**9,351**
Profit attributable to:			
Owners of the parent		5,871	8,328
Non-controlling interests		(112)	—
		5,759	8,328
Total comprehensive income attributable to:			
Owners of the parent		5,259	9,351
Non-controlling interests		(112)	—
		5,147	9,351
Earnings per share			
Basic (cents per share)	18	3.70	6.21
Diluted (cents per share)	18	3.61	6.07

Notes to the financial statements are included on pages 40 to 82.

Consolidated statement of financial position

For the financial year ended 30 June 2015

	Note ($'000)	2015 ($'000)	2014 ($'000)
Current Assets			
Cash and cash equivalents	23(a)	17,226	2,242
Trade and other receivables	5	34,743	22,102
Other financial assets	6	53	309
Inventories	7	81,452	18,271
Other assets	8	2,229	547
Biological assets	11	1,724	464
Total current assets		**137,427**	**43,935**
Non-Current Assets			
Trade and other receivables	5	2,314	2,947
Property, plant and equipment	9	218,056	50,783
Biological assets	11	33,964	31,635
Investment property	10	—	819
Loans		2,206	—
Investments		52	—
Deferred tax asset	3	12,876	2,586
Intangibles - water	12	228,941	2,848
Intangibles - goodwill	12	123,110	—
Intangibles - other	12	2,044	2,566
Total non-current assets		**623,563**	**94,184**
Total assets		**760,990**	**138,119**
Current Liabilities			
Trade and other payables	13	26,480	10,259
Borrowings	14	46,991	9,111
Current tax liability	3	—	1,612
Other financial liabilities	15	620	—
Provisions	16	2,499	1,393
Total current liabilities		**76,590**	**22,375**
Non-Current Liabilities			
Borrowings	14	149,743	489
Deferred tax liability	3	33,407	6,756
Provisions	16	159	56
Total non-current liabilities		**183,309**	**7,301**
Total liabilities		**259,899**	**29,676**
Net assets		**501,091**	**108,443**
Equity			
Issued capital	17	459,468	73,458
Reserves		(29)	361
Retained earnings		37,812	34,624
		497,251	**108,443**
Equity attributable to the owners of the Company		**497,251**	**108,443**
Non-controlling interests		3,840	—
Total equity		**501,091**	**108,443**

Notes to the financial statements are included on pages 40 to 82.

Consolidated statement of changes in equity

For the financial year ended 30 June 2015

	Share capital ($'000)	Cash flow hedging reserve[1] ($'000)	Equity settled employee benefits reserve[2] ($'000)	Retained earnings ($'000)	Attributable to the owners of the parent ($'000)	Non-controlling interests ($'000)	Total ($'000)
Balance at 1 July 2013	**73,458**	**(807)**	**—**	**30,320**	**102,971**	**—**	**102,971**
Profit or loss for the year	—	—	—	8,328	8,328	—	8,328
Other comprehensive income for the year, net of tax	—	1,023	—	—	1,023	—	1,023
Total comprehensive income for the year	—	1,023	—	8,328	9,351	—	9,351
Payment of dividends	—	—	—	(4,024)	(4,024)	—	(4,024)
Equity issued under rights issue	—	—	—	—	—	—	—
Recognition of share based payments	—	—	145	—	145	—	145
Balance at 30 June 2014	**73,458**	**216**	**145**	**34,624**	**108,443**	**—**	**108,443**
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
Balance at 30 June 2015	**459,468**	**(396)**	**367**	**37,812**	**497,251**	**3,840**	**501,091**

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 40 to 82.

Consolidated statement of cash flows

For the financial year ended 30 June 2015

	Note ($'000)	2015 ($'000)	2014 ($'000)
Cash Flows from Operating Activities			
Receipts from customers		96,193	49,568
Payments to suppliers and employees		(93,488)	(50,224)
Interest paid		(2,893)	(197)
Income tax paid		(1,348)	(1,171)
Net cash used in operating activities	23(e)	**(1,536)**	**(2,024)**
Cash Flows from Investing Activities			
Interest received		204	720
Cash acquired on acquisition of subsidiaries		(302)	—
Payment for biological assets, property, plant and equipment		(16,204)	(18,780)
Payment for biological assets, property, plant and equipment acquired as part of a business combination	27(c)	(112,216)	—
Proceeds from sale property, plant and equipment		9,772	2,535
Net cash used in investing activities		**(118,746)**	**(15,525)**
Cash Flows from Financing Activities			
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	—
Net cash provided by financing activities		**135,266**	**4,522**
Net increase/(decrease) in cash and cash equivalents		**14,984**	**(13,027)**
Cash and cash equivalents at the beginning of the financial year		**2,242**	**15,269**
Cash and cash equivalents at the end of the financial year	23(a)	**17,226**	**2,242**

Notes to the financial statements are included on pages 40 to 82.

Notes to the Financial Statements

For the financial year ended 30 June 2015

General Information

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

Webster's registered office and its principal place of business is at 148 Colinroobie Road, Leeton, New South Wales 2705.

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 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 Webster 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 Webster's consolidated financial statements.

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 Webster'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 Webster 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 Webster'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.

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 Webster'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 Webster'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 Webster's consolidated financial statements.

(b) 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 Webster'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.

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.

42 Notes to the Financial Statements

For the financial year ended 30 June 2015

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, that is, when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The directors of Webster anticipate that the application of AASB 15 in the future may have a material impact on the amounts reported and disclosures made in our consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of AASB 15 until we perform a detailed review.

1.2 Statement of Compliance

For the purposes of preparing the consolidated financial statements, Webster 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 Webster. 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 Webster comply with International Financial Reporting Standards (IFRS).

The directors authorised the financial statements for issue on 28 September 2015.

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, Webster 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.

Webster 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 Webster'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.

We review the estimates and underlying assumptions on an ongoing basis. We recognise revisions to accounting estimates 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 – We classify walnut trees as a biological asset valued in accordance with AASB 141 "Agriculture". Our accounting policies in relation to walnut trees are detailed in Note 1(e). In applying this policy, we have made various assumptions. As at 30 June 2015, the value of walnut trees carried in Webster's financial statements is $33.9 million (2014: $31.6 million).

Foreign Currency – We enter 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.

Acquisition values – The fair values assigned to identifiable assets and liabilities on the acquisition of 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.

Goodwill – The goodwill arising on the provisional accounting for the Bengerang Ltd purchase and the Tandou Ltd takeover 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.

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

(a) Basis of Consolidation

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

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

Where necessary, we make adjustments to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of Webster.

We eliminate all intra-group transactions, balances, income and expenses in full on consolidation. In the separate financial statements of Webster, 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, we recognise the difference as a contribution by or distribution to equity participants by the transacting entities.

Notes to the Financial Statements

For the financial year ended 30 June 2015

(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 Webster'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.

We recognise all other borrowing costs 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 – We classify walnut trees as a biological asset valued in accordance with AASB 141 Agriculture. We value developing walnut trees at their growing cost until the year they bear their first commercial crop. We measure the value of crop bearing walnut trees 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 Crop – We value the growing crop in accordance with AASB 141 Agriculture. This valuation takes into account current 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 crop, cost is used as an estimate of fair value.

The fair value of walnuts and cotton harvested during the period and recognised in revenue is determined as the fair value of walnuts and cotton after harvest and picking less estimated point of sale costs.

The fair value of livestock at the reporting date has been determined by using an external valuation.

(f) Impairment of Assets

At each reporting date, Webster reviews the carrying amounts of our tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, we estimate the recoverable amount of the asset 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, we estimate the recoverable amount of the cash-generating unit to which the assets belong.

We test goodwill 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

We measure land and buildings at cost. After initial recognition, the asset is carried at cost less accumulated depreciation and any accumulated impairment losses. We charge depreciation on buildings 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, we determine cost 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. We calculate depreciation 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.

We use the following estimated useful lives in the calculation of depreciation:

Land and improvements 5–20 years

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. We classify all other leases as operating leases.

Webster 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 Webster'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.

Webster as a lessor – Purchased assets where Webster 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 leased out under operating leases are included in property, plant and equipment.

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.

Notes to the Financial Statements

For the financial year ended 30 June 2015

(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.

We account for costs, incurred in bringing each product to its present location and condition as follows:

» We account for 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

» We value walnut stocks 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

» We value onion stocks 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 – We recognise goodwill arising in a business combination 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, Webster'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, we allocate goodwill to each of Webster'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, we include the attributable amount of goodwill 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. We test licences for impairment on an annual basis.

Contracts – We measure contracts at cost. After initial recognition, the asset is carried at cost less accumulated amortisation and any accumulated impairment losses. We amortise contracts on a straight-line basis over the term of the contract.

Permanent water rights – We record permanent water rights 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, we adjust the carrying value to take account of any impairment losses.

(k) Derivative Financial Instruments

Webster enters in to a variety of derivative financial instruments to manage our exposure to foreign exchange rate risks and interest rate risk, including forward foreign exchange contracts and interest rate swaps. We disclose further details of derivative financial instruments 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.

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

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.

We discontinue hedge accounting when Webster 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

We recognise a liability 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.

We measure liabilities in respect of employee benefits expected to be settled wholly within 12 months 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 Webster 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.

We classify other financial assets 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.

We recognise income 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 – We classify financial assets 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 Webster 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. We determine fair value in the manner described in note 24.

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For the financial year ended 30 June 2015

Held-to-maturity investments – Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates where Webster 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.' We record amortised loans and receivables 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, we write it off against the allowance account. We credit subsequent recoveries of amounts previously written off 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 Webster

Debt and equity instruments – We classify debt and equity instruments 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. We record equity instruments issued by Webster as the proceeds received, net of direct issue costs.

Compound instruments – We classify the component parts of compound instruments separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, we estimate the fair value of the liability component using the prevailing market interest rate for a similar non-convertible instrument. We record this amount 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 – We measure financial guarantee contract liabilities 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 – We classify financial liabilities 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.

(o) Foreign Currency

In preparing the financial statements of the individual entities, we record transactions in currencies other than Webster's functional currency 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.

We include cash flows 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

Webster, 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 (Webster). 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 Webster (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 Webster 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. We calculate 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 – We account for deferred tax 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.

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) that affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Notes to the Financial Statements

For the financial year ended 30 June 2015

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures except where Webster 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 recognised 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 Webster 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 Webster intends to settle our current tax assets and liabilities on a net basis.

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

(r) 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.

(s) Research and Development Costs

We recognise provisions when Webster has a present obligation (legal or constructive) and, as a result of a past event, it is probable that we will be required to settle the obligation, and we can make a reliable estimate of the amount of obligation.

(t) Government Grants

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

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

We recognise government grants relating to income 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 Webster with no future related costs are recognised as income of the period in which they become receivable.

Government grants whose primary condition is that Webster 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.

(u) Business Combinations

We account for acquisitions of subsidiaries and businesses using the acquisition method. We measure the consideration for each acquisition at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by Webster in exchange for control of the acquiree.

We recognise acquisition-related costs 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. We adjust subsequent changes in such fair values 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, we remeasure Webster's previously held interests in the acquired entity to fair value at the acquisition date (that is, the Webster attains control) and recognise the resulting gain or loss, if any, 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 share-based 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 Non-current 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, Webster reports provisional amounts for the items for which the accounting is incomplete. We adjust those provisional amounts during the measurement period (see below), or recognise additional assets or liabilities, 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 Webster obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

(v) Share-based payments

We measure equity-settled share-based payments to employees at the fair value of the equity instruments at the grant date. We measure fair value 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, we revise our estimate of the number of equity instruments expected to vest. We recognise the impact of the revision of the original estimates, if any, 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 2015

2. Profit from Operations

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

		2015 ($'000)	2014 ($'000)
(a)	**Revenue**		
	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
	Total revenue	**58,320**	**54,897**
(b)	**Other Income**		
	Gain on disposal of property, plant and equipment	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
	Total other income	**19,183**	**8,668**
(c)	**Expenses**		
	Cost of sales	**37,843**	**28,927**
	Interest on loans	3,154	162
	Dividends on instruments classified as financial liabilities	35	35
	Other finance costs	94	95
	Total finance costs	**3,283**	**292**
	Depreciation of non-current assets	4,210	2,963
	Amortisation of non-current assets	216	179
	Total depreciation and amortisation	**4,426**	**3,142**
	Equity settled share based payments	222	145
	Post-employment benefits	1,024	518
	Other employee benefits	10,263	6,475
	Total employee benefits expense	**11,509**	**7,138**
	Research and development costs immediately expensed	450	409
	Operating lease rental expense	524	514

3. Income Taxes

		2015 ($'000)	2014 ($'000)
(a)	**Income tax recognised in profit or loss**		
	Tax expense comprises:		
	Current tax (benefit)/expense	(267)	1,637
	Adjustments recognised in the current year in relation to the current tax of prior years	—	(98)
	Deferred tax (benefit)/expense relating to the origination and reversal of temporary differences	(495)	2,110
	Other	73	—
	Tax attributable to discontinued operations	1,007	—
	Total tax expense (relating to continuing operations)	**318**	**3,649**
	The prima facie income tax expense on pre-tax accounting profit from operations reconciles to income tax expense in the financial statements as follows:		
	Profit from continuing operations	8,568	11,977
	Profit from discontinued operations	(3,497)	—
	Total profit from operations	5,071	11,977
	Income tax expense calculated at 30%	1,521	3,593
	Non-deductible expenses	(310)	59
	Restatement of tax cost of assets	(1,740)	—
	Other	(160)	—
	Over provision of income tax in previous year	—	(3)
	Tax attributable to discontinued operations	1,007	—
		318	3,649
	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.		
(b)	**Income tax recognised directly in other comprehensive income**		
	Deferred tax:		
	Revaluation of financial instruments treated as cash flow hedges	(263)	439
		(263)	439
(c)	**Current tax assets and liabilities**		
	Current tax liabilities:		
	Income tax payable	—	1,612
		—	1,612

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For the financial year ended 30 June 2015

3. Income Taxes (continued)

(d) Deferred tax assets and liabilities

2015	Opening balance ($'000)	Charged to income ($'000)	Charged to equity ($'000)	Acquisitions/ disposals ($'000)	Closing balance ($'000)
Deferred tax assets:					
Provisions	250	118	182	24	574
Financial assets - receivables	491	95	—	—	586
Other	246	1,581	4	2,483	4,314
Unused tax losses	1,599	3,045	—	2,758	7,402
	2,586	4,839	186	5,265	12,876
Deferred tax liabilities:					
Property, plant & equipment	(4,673)	(2,367)	—	(15,622)	(22,662)
Financial assets - non receivables	(35)	(26)	15	—	(46)
Inventory & biological assets	(1,945)	(1,962)	—	(6,734)	(10,641)
Other	(103)	11	48	(14)	(58)
	(6,756)	(4,344)	63	(22,370)	(33,407)
	(4,170)	495	249	(17,105)	(20,531)

2014	Opening balance ($'000)	Charged to income ($'000)	Charged to equity ($'000)	Acquisitions/ disposals ($'000)	Closing balance ($'000)
Deferred tax assets:					
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
Deferred tax liabilities:					
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)

4. Remuneration of Auditors

	2015 ($)	2014 ($)
Auditor of the parent entity		
Audit or review of the financial report	227,910	91,675
Taxation services	205,523	47,635
Other services	12,155	31,552
	445,588	170,862
Auditor of the subsidiary companies		
Tandou Limited (Price Waterhouse Coopers)	121,100	—
Bengerang Limited (Ernst and Young)	48,932	—

The auditor of Webster Limited is Deloitte Touche Tohmatsu.
Other services include services relating to AGW Funds Management Ltd, and LTIP advice.

5. Trade and Other Receivables

	2015 ($'000)	2014 ($'000)
Current		
Trade receivables	34,062	21,804
Goods and services tax (GST) recoverable	681	298
	34,743	22,102

The average credit period on sales of goods of the operating divisions within the company is 60 days.

	2015 ($'000)	2014 ($'000)
Non-Current		
Trade receivables	4,398	4,552
Allowance for doubtful debts	(2,084)	(1,605)
	2,314	2,947
Ageing of past due but not impaired		
61 - 90 days	256	381
91 - 120 days	159	45
121 + days	2,434	3,287
Total	2,849	3,713
Movement in allowance for doubtful debts		
Balance at the beginning of the year	(1,605)	—
Impairment losses recognised on receivables	(798)	(1,605)
Amounts written off as uncollectible	319	—
Balance at the end of the year	(2,084)	(1,605)
Ageing of impaired		
61 - 90 days	—	—
91 - 120 days	—	—
121 + days	2,084	1,605
Total	2,084	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.

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For the financial year ended 30 June 2015

6. Other Financial Assets

	2015 ($'000)	2014 ($'000)
Current		
At fair value		
Foreign currency forward contracts	53	309
	53	309

7. Inventories

	2015 ($'000)	2014 ($'000)
Raw materials		
Raw materials at cost	3,067	2,306
Walnut stocks		
Walnut stock at fair value	14,816	14,595
Cropping stocks		
Cropping stock at cost	5,999	—
Cropping stock at fair value	50,603	—
Livestock		
Livestock at fair value	6,780	—
Onion stocks		
Onion stock at cost	—	29
Onion stock at fair value	187	1,341
	81,452	18,271

8. Other Assets

	2015 ($'000)	2014 ($'000)
Prepayments	2,229	547

9. Property, Plant and Equipment

	Freehold land ($'000)	Property improvements ($'000)	Buildings ($'000)	Leasehold improvements at cost ($'000)	Plant and equipment at cost ($'000)	Equipment under finance lease at cost ($'000)	Total ($'000)
Gross carrying amount							
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
Accumulated depreciation/ amortisation and impairment							
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)
Net book value							
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
Gross carrying amount							
Balance at 1 July 2014	7,409	—	15,418	698	42,312	706	66,543
Acquisitions through business combinations	81,227	48,286	17,568	280	20,512	1,212	169,086
Additions	—	106	645	—	9,700	428	10,879
Disposals	(244)	—	(4,611)	(672)	(8,230)	(122)	(13,879)
Reclassification of assets	—	—	—	(26)	26	—	—
Balance at 30 June 2015	88,392	48,392	29,020	280	64,320	2,224	232,629
Accumulated depreciation/ amortisation and impairment							
Balance at 1 July 2014	—	—	(870)	(209)	(14,289)	(392)	(15,760)
Disposals	—	—	500	207	4,704	73	5,484
Depreciation expense	—	(29)	(455)	(50)	(3,714)	(49)	(4,297)
Reclassification of assets	—	—	—	26	(26)	—	—
Balance at 30 June 2015	—	(29)	(825)	(26)	(13,325)	(368)	(14,573)
Net book value							
As at 30 June 2014	7,409	—	14,548	489	28,023	314	50,783
As at 30 June 2015	**88,392**	**48,363**	**28,195**	**254**	**50,995**	**1,856**	**218,056**

Notes to the Financial Statements

For the financial year ended 30 June 2015

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.

	2015 ($'000)	2014 ($'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:		
Property improvements	29	—
Buildings	460	189
Leasehold improvements	50	26
Plant and equipment	3,714	2,748
Equipment under finance lease	49	54
	4,302	3,017

10. Investment Property

	Freehold land at cost ($'000)	Buildings at cost ($'000)	Total ($'000)
Gross Carrying Amount			
Balance at 1 July 2013	353	519	872
Balance at 30 June 2014	353	519	872
Accumulated depreciation/ amortisation and impairment			
Balance at 1 July 2013	—	(48)	(48)
Depreciation expense	—	(5)	(5)
Balance at 30 June 2014	—	(53)	(53)
Net Book Value			
As at 30 June 2013	353	471	824
As at 30 June 2014	353	466	819
Gross Carrying Amount			
Balance as at 1 July 2014	353	519	872
Disposals	(353)	(519)	(872)
Balance as at 30 June 2015	—	—	—
Accumulated depreciation/ amortisation and impairment			
Balance as at 1 July 2014	—	(53)	(53)
Disposals		58	58
Depreciation expense		(5)	(5)
Balance as at 30 June 2015	—	—	—
Net Book Value			
As at 30 June 2014	353	466	819
As at 30 June 2015	—	—	—

11. Biological Assets

The consolidated entity as part of its operations grows, harvests, processes and sells walnuts and onions. As a 30 June 2015 the consolidated entity owned a total of 1,995 hectares (2014: 1,855 hectares) of walnuts orchard located in NSW and Tasmania. Of the total orchard area owned, 750 hectares (2014: 948 hectares) were 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 2015 a total of 5,835 tonnes (2014: 5,583 tonnes) of walnuts were harvested from all orchards, including 2,754 tonnes (2014: 3,379 tonnes) from orchards leased to MIS growers. In addition a total of 50,220 tonnes (2014: 40,592 tonnes) of onions were grown and harvested during the year ended 30 June 2015.

		2015 ($'000)	2014 ($'000)
(a)	**Current**		
	Walnut nursery trees	1,724	464
		1,724	464
(b)	**Non-Current**		
	Walnut orchards	33,964	31,635
		33,964	31,635
(c)	**Reconciliation of changes in the carrying amount of Biological Assets**		
	Carrying value at the beginning of the financial year	31,635	27,661
	Purchases	2,329	1,889
	Change in fair value	—	2,085
	Carrying value at the end of the financial year	33,964	31,635

(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: 30/06/15 ($'000)	30/06/14 ($'000)	Fair value hierarchy	Valuation technique
Biological Assets	33,964	31,635	Level 2	Discounted cash flow based on observable market prices and cost inputs. Refer to Note 1.5(e) for further details on valuation technique.

(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 2015

12. Intangibles

	Goodwill	Licences	Contracts	Permanent Water Rights	Total
Net book value					
Balance at 1 July 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
Amortisation expense	—	—	(125)	—	(125)
Amounts recognised on sale of business	(286)	—	—	—	(286)
Additional amounts recognised during the year	122,999	—	—	226,093	349,092
Balance at 30 June 2015	123,110	100	1,944	228,941	354,095

(a) **Impairment test for goodwill**

Goodwill amounts recognised during the year have arisen from the provisional accounting for the purchase of Bengerang Ltd and Tandou Ltd. 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.

(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 is an integral part of land and irrigation infrastructure required to grow both walnuts and annual crops. The fair value of permanent water rights used for impairment testing is supported by the tradable market value, which at current market prices is higher than the carrying value.

13. Trade and Other Payables

	2015 ($'000)	2014 ($'000)
Current		
Trade payables	24,196	9,180
Goods and services tax (GST) payable	2,284	1,079
	26,480	10,259

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	2015 ($'000)	2014 ($'000)
(a)	**Current**			
	At amortised cost			
	Secured			
	Bank loans	(i)	46,110	8,900
	Finance lease liabilities	(ii)	881	211
			46,991	9,111
(b)	**Non-Current**			
	At amortised cost			
	Secured			
	Bank loans		148,480	—
	Finance lease liabilities	(ii)	869	95
	Unsecured			
	Non-redeemable cumulative preference shares	(iii)	394	394
			149,743	489

(i) *Secured by mortgage over property and floating charge over assets, the value of which exceeds the loan.*

(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.*

(iv) *Due to the recent acquisition of Tandou Ltd and Bengerang Ltd the consolidated entity is in negotiations with it financiers regarding future funding needs and the terms attached to any future facility. It is the intention that the facilities across the combined group will be consolidated and the directors believe the financiers will continue to support the consolidated entity. As evidence of this ongoing support all debt due prior to 31 December 2015 has been rolled over to that date to enable the consolidated entity to finalise its needs and negotiate with the financier. This debt, and any other due prior to 30 June 2016 has been classified as current. Loan obligations inherited from the acquisition of Tandou Ltd totalling $30 million due on 30 September 2016 have been classified as non-current and will form part of the overall financing negotiations and consolidation.*

15. Other Financial Liabilities

	2015 ($'000)	2014 ($'000)
Current		
At fair value		
Foreign currency forward contracts	620	—
	620	—

Notes to the Financial Statements

For the financial year ended 30 June 2015

16. Provisions

		Note	2015 ($'000)	2014 ($'000)
(a)	**Current**			
	Employee benefits		1,569	479
	Export sales rebates		930	914
			2,499	1,393
(b)	**Non-Current**			
	Employee benefits		159	56
(c)	**Movements in provisions**			
	Export Sales Rebate	(i)		
	Balance at beginning of financial year		914	917
	Additional provision recognised		930	914
	Reductions arising from payments/other sacrifices of future economic benefits		(914)	(917)
	Balance at end of financial year		930	914
	Current		930	914
	Non-Current		—	—
			930	914

(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.*

17. Issued Capital

	Note	2015 ($'000)	2014 ($'000)
347,705,383 (2014: 137,987,365) fully paid ordinary shares	(i)	459,468	73,458
		459,468	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.

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

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 Bengerang Limited. 84,572,170 ordinary shares were issued in June 2015 as a result of the successful takeover bid for Tandou Ltd.

18. Earnings Per Share

	Note	Cents per share 2015	2014
Basic earnings per share	(a)	3.70	6.21
Diluted earnings per share	(b)	3.61	6.07

(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:

	2015 ($'000)	2014 ($'000)
Earnings used in the calculation of basic earnings per share	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) **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:

	2015 ($'000)	2014 ($'000)
Earnings used in the calculation of diluted earnings per share	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

19. Dividends

	2015		2014	
	Cents per share	Total ($'000)	Cents per share	Total ($'000)
(a) **Dividends paid during the year**				
Fully paid ordinary shares				
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
		2,683		4,024

(b) **Dividends proposed**

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 18 September 2015.

Notes to the Financial Statements

For the financial year ended 30 June 2015

19. Dividends (continued)

		2015 ($'000)	2014 ($'000)
(c)	**Franking credits balance**		
	Franking account balance at 1 July	**2,798**	**3,367**
	Tax paid / refunded	1,348	1,171
	Dividends paid	(1,238)	(1,740)
	Franking account balance at 30 June	**2,908**	**2,798**
	Franking credits that will arise from the payment of income tax payable as at the reporting date	—	1,612
	Net franking credits available	2,908	4,410
	Impact on franking account balance of dividends not recognised	(1,503)	(1,183)

20. Subsidiaries

	Note	Country of Incorporation	Ownership Interest 2015 (%)	Ownership Interest 2014 (%)
Parent Entity				
Webster Limited		Australia		
Controlled Entities				
Clements Marshall Consolidated Limited	(iii)	Australia	100	100
Cygnet 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
Bengerang Ltd	(iii)	Australia	100	—
Tandou Ltd		Australia	97	—

(i) *The above entities other than Bengerang Ltd (Ernst & Young) and Tandou Ltd (Price Waterhouse Coopers) 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 the above entities other than AGW Funds Management Ltd, Bengerang Ltd and Tandou Ltd, under its banking arrangements with National Australia Bank.*

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, AGW Funds Management Ltd and Tandou Ltd are not parties to the cross guarantee.

		2015 ($'000)	2014 ($'000)
(a)	**Financial performance**		
	Revenue	43,168	49,259
	Cost of sales	(23,348)	(25,051)
	Gross Profit	**19,820**	**24,208**
	Other income	7,134	7,789
	Provision for doubtful debts	(798)	(1,605)
	Acquisition expenses	(3,934)	—
	Distribution expenses	(1,927)	(7,996)
	Marketing expenses	(584)	(970)
	Operational expenses	(2,190)	(8,696)
	Administration expenses	(6,912)	(3,955)
	Finance costs	(3,130)	(292)
	Other expenses	(289)	(409)
	Profit before income tax expense	**7,190**	**8,074**
	Income tax expense	(85)	(2,478)
	Net Profit for the period	**7,105**	**5,596**
	Discontinued operation		
	Loss for the period from discontinued operations	(2,491)	—
	Profit for the period	**4,614**	**5,596**
	Other comprehensive income, net of income tax		
	Gain/(loss) on cash flow hedges taken to equity	(612)	1,023
	Other comprehensive gain/(loss) for the period (net of tax)	(612)	1,023
	Total comprehensive income for the period	**4,002**	**6,619**

Notes to the Financial Statements

For the financial year ended 30 June 2015

20. Subsidiaries (continued)

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, AGW Funds Management Ltd and Tandou Ltd are not parties to the cross guarantee.

		2015 ($'000)	2014 ($'000)
(b)	**Financial position**		
	Current Assets		
	Cash and cash equivalents	13,718	1,040
	Trade and other receivables	79,337	18,504
	Other financial assets	122	45,266
	Inventories	45,301	14,669
	Other assets	1,559	461
	Biological assets	1,724	464
	Total current assets	**141,761**	**80,404**
	Non-Current Assets		
	Trade and other receivables	2,314	—
	Property, plant and equipment	135,565	34,116
	Investment property	—	819
	Investments	166,650	4,692
	Deferred tax asset	12,588	2,586
	Intangibles - water	122,557	38
	Intangibles - goodwill	92,143	—
	Intangibles - other	2,044	2,566
	Total non-current assets	**533,861**	**44,817**
	Total Assets	**675,622**	**125,221**
	Current Liabilities		
	Trade and other payables	16,065	8,499
	Borrowings	34,491	9,111
	Current tax liability	—	1,134
	Other financial liabilities	620	—
	Provisions	1,806	1,393
	Total current liabilities	**52,982**	**20,137**

20. Subsidiaries (continued)

	2015 ($'000)	2014 ($'000)
Non-Current Liabilities		
Borrowings	119,743	489
Deferred tax liabilities	13,391	2,856
Provisions	97	56
Total non-current liabilities	**133,231**	**3,401**
Total Liabilities	**186,213**	**23,538**
Net Assets	**489,409**	**101,683**
Equity		
Issued capital	459,468	73,458
Reserves	(29)	361
Retained earnings *	29,970	27,864
Total Equity	**489,409**	**101,683**
* **Retained earnings**		
Retained earnings at the beginning of the financial year	27,864	26,292
Adjustment to opened retained earnings	175	—
Net profit	4,614	5,596
Dividend provided for or paid	(2,683)	(4,024)
Retained earnings at the end of the financial year	29,970	27,864

Notes to the Financial Statements

For the financial year ended 30 June 2015

21. Commitments for Expenditure

		Note	2015 ($'000)	2014 ($'000)
(a)	**Lease commitments**			
	Non-cancellable operating leases	(i)		
	Not longer than one year		759	550
	Longer than one year and not longer than five years		718	1,120
			1,477	1,670
	Finance lease liabilities	(ii)		
	Not longer than one year		1,015	253
	Longer than one year and not longer than five years		982	105
	Minimum lease payments		1,997	358
	Less: Future finance charges		(124)	(19)
	Less: Goods and services tax (GST)		(123)	(33)
	Finance lease liabilities		1,750	306
	Present value of minimum future lease payments:			
	Not longer than one year		881	211
	Longer than one year and not longer than five years		869	95
			1,750	306
	Included in the financial statements as:			
	Current interest bearing liabilities		881	211
	Non-current interest bearing liabilities		869	95
			1,750	306

(i) *Operating lease commitments relate to properties and equipment with lease terms of up to 10 years.*

(ii) *Finance lease liabilities relate to various plant and equipment with lease terms of up to 5 years.*

		2015 ($'000)	2014 ($'000)
(b)	**Capital expenditure commitments**		
	Plant and equipment		
	Not longer than one year	11,810	—
	Longer than one year and not longer than five years	—	—
	Longer than five years	—	—
		11,810	—

22. 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. The Agriculture segment products are primarily annual row crops including cotton, wheat and maize as well as livestock, whereas the Horticulture segment pertains to tree crops which are currently walnuts.

(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	65,650	13,661	12,269
Total for continuing operations	77,403	65,650	18,855	12,269
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

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2014: nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies.

	2015 ($'000)	2014 ($'000)
(c) **Segments assets and liabilities**		
Assets		
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
Liabilities		
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

Notes to the Financial Statements

For the financial year ended 30 June 2015

22. Segment Information (continued)

(d) 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 from continuing operations and non-current assets by geographical location.

	Revenue from Customers		Non-Current Assets	
	2015 ($'000)	2014 ($'000)	2015 ($'000)	2014 ($'000)
Australia	32,707	19,311	623,563	94,184
Europe	19,622	22,077	—	—
Other	5,991	13,509	—	—
	58,320	54,897	623,563	94,184

(e) Information about major customers

No single customer contributed 10% or more to the Group's revenue during 2015 (2014: $11,441 thousand).

23. Notes to the Cash Flow Statement

	2015 ($'000)	2014 ($'000)
(a) Reconciliation of cash and cash equivalents		
For the purpose of the cash flow statement, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:		
Cash and cash equivalents	17,226	2,242
	17,226	2,242

(b) Non-cash financing and investing activities

During the financial year, the consolidated entity acquired equipment via finance leases to the value of $428,000 (2014: nil). Refer note 27 for non-cash settled business combinations.

(c) Financing facilities

	2015 ($'000)	2014 ($'000)
Secured bank loan rolling facilities reviewed annually and payable at call		
- Amount used	194,590	8,900
- Amount unused	51,410	6,100
	246,000	15,000

(d) Cash balances not available for use

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

23. Notes to the Cash Flow Statement (continued)

		2015 ($'000)	2014 ($'000)
(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	(16,537)	(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		
	- (Increase)/decrease in receivables	2,971	(6,767)
	- Increase in inventories	175	(323)
	- Increase in payables	4,474	328
	- Decrease in provisions	(662)	(88)
	- Increase in tax balances	(1,526)	2,635
	Net cash flows used in operating activities	(1,536)	(2,024)

In the Appendix 4E: Preliminary Final Report released on 28th August 2015, the Statement of Cash Flows included receipts from customers amounting to $107,090 and payments to suppliers and employees of $104,385. As a result of finalising the reporting and auditing process, an amount was identified for reclassification. This amendment has been reflected in both the Statement of Cash Flows and the above reconciliation. This amendment has no impact on the overall reported financial result.

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 2014.

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	2015 ($'000)	2014 ($'000)
Financial assets			
Debt	(i)	196,734	9,600
Cash and cash equivalents		(17,226)	(2,242)
Net debt		179,508	7,358
Equity	(ii)	497,251	108,443
Net debt to equity ratio		36%	7%

(i) *Debt is defined as long and short-term borrowings, as detailed in note 14*
(ii) *Equity includes all capital and reserves.*

Notes to the Financial Statements

For the financial year ended 30 June 2015

24. Financial Instruments (continued)

		2015 ($'000)	2014 ($'000)
(b)	**Categories of financial instruments**		
	Financial assets		
	Derivative instrument in designated hedge accounting relationships	53	309
	Cash and cash equivalents	17,226	2,242
	Loans and receivables	39,263	25,049
	Financial liabilities		
	Derivative instrument in designated hedge accounting relationships	620	—
	Trade and other payables (amortised cost)	26,480	10,259
	Borrowings (amortised cost)	196,734	9,600

(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 into 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:

		2015		
	USD ($'000)	EUR ($'000)	GBP ($'000)	JPY ($'000)
Trade and other receivables	6,883	7,064	739	947
Cash at bank	2,449	390	—	30
Trade and other payables	1,053	333	—	28
Provisions	—	865	—	15
Net Exposure	10,385	8,652	739	1,020

		2014		
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

24. Financial Instruments (continued)

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.

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

	Average Exchange Rate		Foreign Currency	
Outstanding contracts	**2015**	**2014**	**2015 (FC'000)**	**2014 (FC'000)**
Due within 3 months				
Sell				
- British Pound	—	0.5233	—	200
- Euro	0.6736	0.6799	2,000	3,550
- Japanese Yen	97.3300	91.7100	31,800	25,000
- United States Dollar	0.7947	0.9101	10,000	6,200
Due after 3 months:				
Sell				
- United States Dollar	0.8413	—	1,000	—

	Contract Value		Fair Value	
Outstanding contracts	**2015 ($'000)**	**2014 ($'000)**	**2015 ($'000)**	**2014 ($'000)**
Due within 3 months				
Sell				
- British Pound	—	382	—	19
- Euro	2,969	5,221	53	74
- Japanese Yen	327	273	(12)	10
- United States Dollar	12,583	6,812	(481)	206
Due after 3 months:				
Sell				
- United States Dollar	1,189	—	(127)	—
	17,068	12,688	(567)	309

Notes to the Financial Statements

For the financial year ended 30 June 2015

24. Financial Instruments (continued)

(e) Hedges of anticipated future transactions

As at the reporting date the aggregate amount of unrealised losses under forward foreign exchange contracts relating to anticipated future transactions is $567,000, (2014: $309,000 profit) 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.

	2015 ($'000)	2014 ($'000)
Other equity		
- British Pound	—	43
- Euro	330	580
- Japanese Yen	36	30
- United States Dollar	1,530	757
	1,896	1,410

(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 Group's exposure 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			
	2015 ($'000)		2014 ($'000)	
	+1%	-1%	+1%	-1%
Financial assets				
Cash & cash equivalents	172	(172)	22	(22)
Financial liabilities				
Borrowings	(1,967)	1,967	(96)	96

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 checks 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's 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.

(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.

Outstanding contracts	Carrying amount 2015 ($'000)	Fair value 2015 ($'000)	Carrying amount 2014 ($'000)	Fair value 2014 ($'000)
Financial assets				
Forward foreign exchange contracts	53	53	309	309
Trade and other receivables	39,263	39,263	25,049	25,049
	39,316	39,316	25,358	25,358
Financial liabilities				
Cumulative non-redeemable preference shares	394	394	394	394
Forward foreign exchange contracts	620	620	—	—
Trade and other payables	26,480	26,480	10,259	10,259
Bank loans	194,590	194,590	8,900	8,900
Finance lease liabilities	1,750	1,750	306	306
	223,834	223,834	19,859	19,859

24. Financial Instruments (continued)

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 assets 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.

	2015			
	Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)	Total ($'000)
Derivative assets				
Forward contracts	—	53	—	53
	—	53	—	53
Derivative liabilities				
Forward contracts	—	620	—	620
	—	620	—	620
	2014			
Derivative assets				
Forward contracts	—	309	—	309
	—	309	—	309

(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 ($'000)	1 – 5 years ($'000)	More than 5 years ($'000)	Total ($'000)
2015					
Financial Assets					
Non-interest bearing					
Trade and other receivables	—	34,743	2,314	—	37,057
Other financial assets	—	53	—	—	53
Variable interest rate					
Cash and cash equivalents	1.40	17,274	—	—	17,274
Fixed interest rate maturity					
Loan	7.00	154	2,283	—	2,437
		52,224	4,597	—	56,821

24. Financial Instruments (continued)

	Weighted Average Effective Rate (%)	Less than 1 year ($'000)	1 – 5 years ($'000)	More than 5 years ($'000)	Total ($'000)
Financial Liabilities					
Non-interest bearing					
Trade and other payables	—	26,480	—	—	26,480
Other financial liabilities	—	620	—	—	620
Variable interest rate					
Bank loans	3.75	46,110	148,480	—	194,590
Fixed interest rate maturity					
Finance lease liabilities	4.60	940	934	—	1,874
Cumulative non-redeemable preference shares*	9.00	35	142	394	571
		74,185	149,556	394	224,135
2014					
Financial Assets					
Non-interest bearing					
Trade and other receivables	—	22,102	2,947	—	25,049
Other financial assets	—	309	—	—	309
Variable interest rate					
Cash and cash equivalents	1.30	2,242	—	—	2,242
		24,653	2,947	—	27,600
Financial Liabilities					
Non-interest bearing					
Trade and other payables	—	10,259	—	—	10,259
Other financial liabilities	—	—	—	—	—
Variable interest rate					
Bank loans	5.13	9,014	—	—	9,014
Fixed interest rate maturity					
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 2015

25. Related Party Disclosures

		2015 ($)	2014 ($)
(a)	**Key management personnel compensation**		
	The aggregate compensation of the key management personnel of the consolidated entity and the company is set out below:		
	Short-term employee benefits	1,373,175	1,747,527
	Long-term employee benefits	222,082	145,469
	Post-employment benefits	105,552	164,676
	Termination benefits	15,365	167,981
		1,716,174	2,225,653

(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. During the year the Company entered into management agreements with Australian Food and Fibre Ltd (pursuant to the purchase of the Kooba Aggregation, Bengerang Ltd and Tandou Ltd) a company in which Mr David Robinson is an associate. The current management agreement is for a 2 year term expiring 30 June 2017 with an annual fee of$550,000. Other than the above, and contracts of employment, no other 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

		2015 ($)	2014 ($)
(a)	**Financial Position**		
	Assets		
	Current assets	63,005	68,883
	Non-current assets	546,715	30,219
	Total assets	**609,720**	**99,102**
	Liabilities		
	Current liabilities	31,350	17,887
	Non-current liabilities	112,693	3,844
	Total liabilities	**144,043**	**21,731**
	Equity		
	Issued capital	459,468	73,458
	Reserves	(58)	290
	Retained Earnings	6,267	3,623
	Total Equity	**465,677**	**77,371**

26. Parent Entity Disclosures (continued)

		2015 ($)	2014 ($)
(b)	**Financial Performance**		
	Profit for the period	5,153	5,306
	Other comprehensive income	(612)	669
	Total comprehensive income	4,541	5,975

27. Business Combinations

		Principal Activity	Date Acquired	Proportion of shares acquired (%)	Consideration transferred ($'000)
(a)	**Subsidiaries acquired**				
	Kooba Ag [1]	Agriculture	17/12/14	—	123,269
	Bengerang Ltd	Agriculture	29/05/15	100.00	206,188
	Tandou Ltd	Agriculture	29/05/15	96.54	161,956
					491,413

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.*

		Kooba Ag ($'000)	Bengerang Ltd ($'000)	Tandou Ltd ($'000)	Total ($'000)
(b)	**Consideration transferred**				
	Cash	123,269	—	—	123,269
	Shares at fair value on date of acquisition	—	206,188	161,956	368,144
	Total	123,269	206,188	161,956	491,413

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.

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For the financial year ended 30 June 2015

27. Business Combinations (continued)

	Kooba Ag ($'000)	Bengerang Ltd ($'000)	Tandou Ltd ($'000)	Total ($'000)
(c) Assets acquired and liabilities assumed at the date of acquisition				
Current Assets				
Cash and cash equivalents	—	153	(439)	(286)
Trade and other receivables	—	8,750	7,603	16,353
Inventories	11,615	8,496	36,564	56,675
Other assets	127	52	1,699	1,878
Non-current Assets				
Property, plant & equipment	51,675	57,054	58,061	166,790
Intangibles – water rights	60,541	61,960	98,440	220,941
Loan receivable	—	—	2,117	2,117
Deferred tax assets	—	3,631	19,231	22,862
Current Liabilities				
Trade and other payables	(293)	(2,351)	(9,973)	(12,617)
Borrowings	—	(9,533)	(23,652)	(33,185)
Provisions	(307)	(54)	(701)	(1,062)
Non-current Liabilities				
Borrowing	—	(8,982)	(23,170)	(32,152)
Deferred tax liability	—	(5,008)	(34,649)	(39,657)
Provisions	(89)	(12)	(143)	(244)
	123,269	114,156	130,988	368,413

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.

27. Business Combinations (continued)

		Kooba Ag ($'000)	Bengerang Ltd ($'000)	Tandou Ltd ($'000)	Total ($'000)
(d)	**Goodwill arising on acquisition**				
	Consideration transferred	123,269	206,188	161,956	491,413
	Less: Fair value of identifiable net assets acquired	(123,269)	(114,156)	(130,988)	(368,413)
	Goodwill arising on acquisition	—	92,032	30,968	123,000

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.

Notes to the Financial Statements

For the financial year ended 30 June 2015

28. Discontinued Operations

(a) **Disposal of onion assets**

In November 2014, the Company entered into a sale agreement to dispose of assets relating to its onion operations. The sale was completed on 30 June 2015.

		2015 ($)	2014 ($)
(b)	**Analysis of results from discontinued operations**		
	(Loss)/profit for the year from discontinued operations		
	Revenue	20,841	20,279
	Other income	282	1,177
		21,123	21,456
	Expenses	(25,004)	(21,042)
	(Loss)/profit before tax	(3,881)	414
	Attributable income tax benefit/(expense)	1,148	(125)
		(2,732)	289
	Gain on disposal of assets	383	—
	Attributable income tax expense	(141)	—
	(Loss)/profit for the year from discontinued operations	(2,491)	289

29. 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 $5.788m (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, Bengerang Ltd entered into agreements to purchase land and water for $7.42m.

On 20 August 2015, Bengerang Ltd exercised its 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."

ASX Additional Information

For the financial year ended 30 June 2015

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 2015.

Number and distribution of shareholders	Ordinary	Cumulative Preference
1 – 1,000	554	169
1,001 – 5,000	1,410	15
5,001 – 10,000	737	4
10,001 – 100,000	1,060	10
100,001 and over	152	0
Total number of shareholders	3,913	198
Total number of issued shares listed	350,745,163	394,000
Number of shareholders holding less than a marketable parcel	139	133

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
Australian Food and Fibre Limited and associates	54,031,899	15.40	Ordinary
Christopher Darcy Corrigan & Belfort Investments Ltd	43,106,493	12.29	Ordinary
Kaplan Equity Limited	32,474,953	9.26	Ordinary
Verolot Limited	32,215,862	9.18	Ordinary
Mr Peter Joy	24,436,089	6.97	Ordinary
Bevan David Cushing as trustee of the KD Cushing Family Trust	20,244,413	5.77	Ordinary

ASX Additional Information

For the financial year ended 30 June 2015

Twenty largest shareholders *Listed Ordinary Shares*	Number of Shares	%
Australian Food and Fibre Limited	51,111,913	14.57
Verolot Limited	32,215,862	9.18
National Nominees Limited	30,631,576	8.73
HSBC Custody Nominees (Australia) Limited	29,018,199	8.27
Mr Peter Joy	24,436,089	6.97
Belfort Investment Advisors Limited	18,602,191	5.30
Eagle Securities Limited	17,538,050	5.00
Sir Selwyn John Cushing & Mr Bevan David Cushing <K D Cushing Family A/C>	11,431,136	3.26
REL-Trust Management Limited	5,559,529	1.59
Mr Andrew Roy Newberry Sisson	5,490,452	1.57
The Tasmania Gifts Company Pty Ltd	5,133,699	1.46
Sandhurst Trustees Ltd <JMFG Consol A/C>	5,018,961	1.43
Citicorp Nominees Pty Limited	4,991,476	1.42
Rathvale Pty Ltd	4,286,936	1.22
Ashfield Farm Limited	3,253,748	0.93
UBS Nominees Pty Ltd	2,709,600	0.77
PF Agriculture Pty Ltd	2,669,925	0.76
Custodial Services Limited	2,659,454	0.76
JP Morgan Nominees Australia Limited	2,366,833	0.67
Mr Zhiwei Lin	2,339,925	0.67
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
Common Sense Investments Pty Ltd	12,081	3.07
Lesley Patricia Colman	11,800	2.99
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 Directors

R A G Haire
R J Roberts
C D Corrigan
D B Cushing
C D Langdon
D W Robinson

Company Secretary

A T Reilly

Registered and Principal Administration Office

148 Colinroobie Road
Leeton NSW Australia 2705

Webster Limited ACN 009 476 000

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Share Registry

Computershare Investor Services Pty Ltd

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
Web: www.computershare.com
Email: web.queries@computershare.com

Webster Limited shares are listed on the Australian Stock Exchange (ASX).