

Webster Limited ABN 23 009 476 000

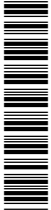
### All correspondence to:

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GPO Box 242 Melbourne  
Victoria 3001 Australia  
Enquiries (within Australia) 1300 850 505  
(outside Australia) 61 3 9415 4000  
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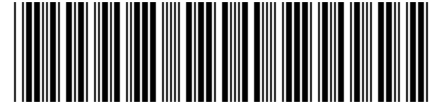
Mark this box with an 'X' if you have made any changes to your address details (see reverse)



000001  
000  
WBA  
MR JOHN SMITH 1  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



Securityholder Reference Number (SRN)



I 1234567890 I ND

## Appointment of Proxy

I/We being a member/s of Webster Limited and entitled to attend and vote hereby appoint



the Chairman  
of the Meeting  
(mark with an 'X')

OR



If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Webster Limited to be held at Henry Jones Art Hotel, 25 Hunter Street, Hobart on Wednesday 29 August, 2007 at 10.30am and at any adjournment of that meeting.

### IMPORTANT: FOR ITEMS 1 and 2



If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on Items 1 and 2 below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of those items and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 1 and 2 and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman of the Meeting intends to vote undirected proxies in favour of each of these items.

## Voting directions to your proxy - please mark to indicate your directions

		For	Against	Abstain*
Item 1	Approval of the Sale of Substantial Assets to a Related Party	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2	Approval to give Financial Benefit to a Related Party	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In addition to the intention advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the other items of business.

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

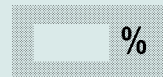
## Appointing a second Proxy

I/We wish to appoint a second proxy



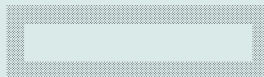
Mark with an 'X' if you wish to appoint a second proxy.

AND



%

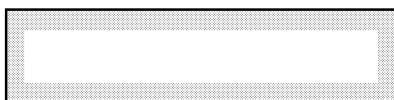
OR



State the percentage of your voting rights or the number of securities for this Proxy Form.

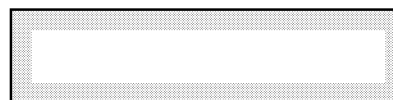
## PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1



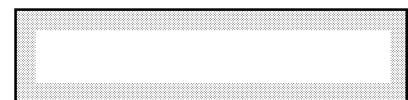
Individual/Sole Director and  
Sole Company Secretary

Securityholder 2



Director

Securityholder 3



Director/Company Secretary

In addition to signing the Proxy Form in the above box(es) please provide the information below in case we need to contact you.

Contact Name

Contact Daytime Telephone

Date

/ /



# How to complete the Proxy Form

## 1 Your Address

This is your address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'x') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

## 2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

## 3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

## 4 Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) indicate that you wish to appoint a second proxy by marking the box.
- (b) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (c) return both forms together in the same envelope.

## 5 Signing Instructions

You must sign this form as follows in the spaces provided:

- Individual: where the holding is in one name, the holder must sign.
- Joint Holding: where the holding is in more than one name, all of the securityholders should sign.
- Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry or at [www.computershare.com](http://www.computershare.com).

## Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting at 10.30am on Wednesday 29 August, 2007. Any Proxy Form received after that time will not be valid for the scheduled meeting.

### Documents may be lodged:

- IN PERSON Registered Office - 120 Campbell Street, HOBART TASMANIA 7000
- BY MAIL Registered Office - 120 Campbell Street, HOBART TASMANIA 7000
- BY FAX 61 3 6238 0309

# WEBSTER

Webster Limited ABN 23 009 476 000



Dear Shareholder

I invite you to attend a General Meeting of the Company and have enclosed the Notice of Meeting, which sets out the items of business. The meeting will be held at the Henry Jones Art Hotel, 25 Hunter Street, Hobart on 29 August 2007 commencing at 10.30am.

If you are attending this meeting, please bring this letter with you to facilitate registration.

If you are unable to attend, you may complete the enclosed proxy form. The proxy form should be returned in the envelope provided or faxed to our Registered Office on 61 3 6238 0309 so that it is received by 10.30am on 27 August 2007.

Corporate shareholders will be required to complete a "Certificate of Appointment of Representative" to enable a person to attend on their behalf. A form of this certificate may be obtained from the Company's share registry.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D W Robinson', written in a cursive style.

Dr D W Robinson

Director.



## Notice of General Meeting

Notice is hereby given that a general meeting of Webster Limited will be held at the Henry Jones Art Hotel, 25 Hunter Street, Hobart on 29 August, 2007 commencing at 10.30am.

### Business

#### 1. Approval of the Sale of Substantial Assets to a Related Party

To consider and, if thought fit, pass the following resolution:

That, subject to the shareholders passing resolution 2, approval be given under Rule 10.1 of the Listing Rules of ASX Limited, for the Company to sell the substantial assets described in the Explanatory Memorandum to the Notice convening this meeting to Ironbound Pty Ltd, a company associated with Mr Rod Roberts (a director of the Company).

#### 2. Approval to give Financial Benefit to a Related Party

To consider and, if thought fit, pass the following resolution:

That approval be given under Chapter 2E.1 of the Corporations Act 2001 for the company to give a financial benefit to Ironbound Pty Ltd, a company associated with Mr Rod Roberts (a director of the Company), under the agreement which has been entered into between the Company and Ironbound Pty Ltd and described in the Explanatory Memorandum to the notice convening this meeting.

### Voting Exclusion Statement

Under the Corporations Act 2001 (Commonwealth) and Rule 14.11 of the Listing Rules of ASX Limited, the Company will disregard any votes cast on the following resolutions by the following persons:

Resolution	Persons excluded from voting
Resolution 1 – Approval of the Sale of Substantial Assets to a Related Party (ASX Listing Rule 10.1)	Ironbound Pty Ltd and any of its associates (including Mr Rod Roberts – a director of the Company)
Resolution 2 – Approval to give Financial Benefit to a Related Party (Chapter 2E.1 of the Corporations Act 2001)	Ironbound Pty Ltd and any of its associates (including Mr Rod Roberts – a director of the Company)

However the company need not disregard a vote if:

- it is cast by a person as a proxy for a member who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the chairman of the meeting as proxy for a member who is entitled to vote, in accordance with a direction in the proxy form to vote as the proxy decides.

### Independent Expert's Report

As required by Rule 10.10.2 of the Listing Rules of ASX Limited, a report on the proposed Transaction from Pitcher Partners Corporate Pty Ltd, an independent expert, forms part of this Notice of Meeting and is set out on pages 8 to 35 of this booklet.

**Explanatory Statement**

Section 221 of the Corporations Act 2001 (Commonwealth) requires that this Notice of Meeting be accompanied by an Explanatory Statement which satisfies section 219 of that Act. The Explanatory Statement is set out on pages 3 to 7 of this booklet.

By Order of the Board  
Bruce Davey  
Company Secretary  
30 July 2007

**Proxies**

A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies (whether members or not) to attend and on a poll vote on the member's behalf.

Where a member appoints two proxies the proportion of the member's voting rights given in favour of each proxy must be stated. A member appointing a proxy may direct the appointee on how the vote is to be cast by marking the appropriate box against each item on the proxy form, otherwise the appointee may vote as he or she thinks fit. Proxies given by companies must be signed under seal, or in accordance with their constitution or the Corporations Act.

Proxies must be lodged at the company's registered office, 120 Campbell Street, Hobart, Tasmania 7000 or sent by fax to (03) 6238 0309 by 10.30am on 27<sup>th</sup> August 2007.

**Determination of Entitlement to Attend and Vote**

The Directors have determined that for the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the persons eligible to vote at the meeting will be those persons who are registered shareholders of the Company at 7.00 pm on 27<sup>th</sup> August 2007.

## **Explanatory Statement**

### **A. The transaction**

On 3rd July 2007 the Company entered into a conditional agreement with Ironbound Pty Ltd, a Company associated with Mr Rod Roberts, for the Company to sell to Ironbound Pty Ltd the following businesses and assets:

1. All assets and undertakings of the Webster Trucks and Machinery division.
2. All assets and undertakings of the Webster Bearing and Engineering division.
3. The fully paid ordinary shares in Kelp Industries Pty Ltd (being 50% of the issued shares in that company).
4. All 'Corporate' assets including the exclusive use of the name "Webster".
5. All finance leases, equipment rental agreements and floor plan finance arrangements.

The provisions of the agreement regarding floor plan financing of the Company's stock of trucks were clarified by a subsequent deed between the parties.

### **B. Parties to the transaction**

Webster Limited ABN 23 009 476 000, as Vendor; and  
Ironbound Pty Ltd ABN 86 068 231 738, as Purchaser

### **C. Profile of Mr Rod Roberts**

R J Roberts (B Ec MBA age 56): Appointed a non-executive director in September 1995, managing director October 1996 to October 2001, non-executive chairman from October 2001 to January 2004 and executive chairman from January 2004.

Chairman of Clements Marshall Consolidated Limited and Director of Tassal Group Limited and a member of the Tasmanian University Council. Resides in Hobart.

### **D. Why is Shareholder approval needed?**

(a) Approval of the sale of a substantial asset to a related party

ASX Listing Rule 10.1 provides that a company cannot sell a substantial asset to a related party without the approval of holders of ordinary shares. An asset is a substantial asset for this purpose if its value, or the consideration for it is 5% or more of the equity interests of the Company as set out in its latest accounts given to ASX, which in this case are the Company's accounts for the half-year ending 31 December 2006.

The consideration for the assets to be sold to Ironbound Pty Ltd if the transaction proceeds is an amount of \$4,500,000 (and assumption of liability under floor plan financing arrangements), which exceeds 5% of the Company's consolidated equity interests as set out in the company's accounts for the year ended 31 December 2006 (total equity interests \$51.8 million, 5% thereof \$2.59 million)

Accordingly shareholder approval is required under Listing Rule 10.1.

(b) Approval to give financial benefit to related party

Subject to a number of exceptions (which are not relevant in the case of this transaction) section 208 of the Corporations Act provides that before a public company can give a financial benefit to a related party of that company, the company must obtain the approval of its members.

The Corporations Act gives as one example of “giving a financial benefit” to a related party, selling an asset to the related party – section 229(3)(b).

The Company seeks shareholder approval to give the financial benefit described below to Ironbound Pty Ltd under the transaction:

Related party	Nature of the Relationship	Nature of financial benefit
Ironbound Pty Ltd	Ironbound Pty Ltd is controlled by Mr Rod Roberts, a director of the Company	The Company is selling the assets to Ironbound Pty Ltd under the agreement

#### **E. What majority of votes is required to approve the transaction?**

Each of the resolutions requires an ordinary resolution which is a simple majority of those shareholders present and voting either in person or proxy at the meeting, either on a show of hands or on a poll if one is called in accordance with the applicable requirements.

#### **F. Who can vote on the resolutions to approve the transaction?**

All shareholders can vote other than Ironbound Pty Ltd (the purchaser) and its associates.

Associates of Ironbound Pty Ltd will include:-

- (a) its directors (including Mr Rod Roberts, a director of the Company);
- (b) its secretaries;
- (c) a related body corporate of Ironbound Pty Ltd;
- (d) a director or secretary of a related body corporate of Ironbound Pty Ltd;
- (e) a person in partnership with Ironbound Pty Ltd;
- (f) a trustee of a trust in relation to which Ironbound Pty Ltd benefits or is capable of benefiting;
- (g) a director of a body corporate of which Ironbound Pty Ltd is a director;
- (h) a person in concert with whom Ironbound Pty Ltd is acting or proposes to act (in respect of the transaction);
- (i) a person with whom Ironbound Pty Ltd is, or proposes to become, associated, whether formally or informally, in any other way (in respect of the transaction).

#### **G. Interest of Directors in the transaction**

None of the Independent Directors have any interest in the transaction.

Mr Rod Roberts' interests are as follows: He has a substantial shareholding in Webster Limited through The Tasmania Gifts Company Pty Ltd, of which he is a director and he and a family member hold all shares. The Tasmania Gifts Company Pty Ltd holds 4,901,478 of the 62,111,170 ordinary shares in Webster Limited which represents 7.89% of the capital. He is a director of Ironbound Pty Ltd, the Purchaser, and he and his family members hold all of the shares in it.

#### **H. How did the Independent Directors vote when they considered the transaction?**

Each of the Independent Directors voted in favour of putting the transaction to shareholders for approval and approved of the contents of this Explanatory Statement.

## **I. Do the Independent Directors recommend the transaction?**

Yes. The Independent Directors recommend that shareholders vote in favour of approving the transaction.

After carefully considering the transaction and the other businesses and assets of the Company the Independent Directors have reached the view that the transaction is in the best interests of the Company. The reasons why the Independent Directors hold this view are :

1. The Directors of the Company have been developing a strategy of focusing the Company's attention on its core assets in corporate agriculture where they believe that the Company can achieve momentum for growth and consequent increase in share price performance. The areas of corporate agriculture that have been selected are aquaculture and horticulture. In this context the Company's industrial businesses – the Trucks & Machinery division and the Bearings & Engineering Supplies division – are non-core businesses. They have diverted management time and attention from the more important core activities. The Directors have been looking for opportunities to sell the non-core businesses but until now they have not been able to attract offers that were acceptable.

2. The Bearings & Engineering Division had a difficult year in 2005-2006 as noted in the Executive Chairman's Statement in the 2006 Annual Report. Despite re-structuring and investment to improve efficiency the Independent Directors consider that its prospects are significantly less attractive than those offered by the proposed areas of corporate agriculture.

3. The Trucks and Machinery Division was impacted severely in 2005-2006 because of a substantial reduction in Tasmanian forestry quotas leading to reduced truck sales. This has continued into 2006-2007 and the current prospects for the division are less attractive than for agribusiness.

4. The Kelp Industries Pty Ltd joint venture has made a modest return but growth prospects are less attractive than for agribusiness. It is vulnerable in that it is dependent on the other 50% shareholder as sole customer. That sole customer is a large company which has other sources of supply of kelp. There is also a risk that changes in water temperature may adversely affect the kelp beds on the western side of King Island.

5. While at the time of the 2006 Annual Report the Directors considered that the walnut investment was in the middle of a strong growth phase, drought conditions and uncertainty about future water availability, particularly for the Gunn's development in the Riverina, and changes to the tax regime for non-forestry agricultural investments have meant that, in the short term at least, there will be less growth than anticipated. The division, however, continues to generate a satisfactory return and the Company will be assessing the prospects for the business as a part of the current strategic review.

6. Prospects for Webster Fresh and Tassal (in which the Company has a 28% holding) continue to improve and the Directors see expansion of the Webster Fresh business including diversification into a number of other vegetables as being part of the most attractive growth prospects for the Company, which justifies realization of the businesses with less attractive prospects and significant re-investment of the proceeds into expansion of the Company's aquaculture and horticulture assets.

## **J. Is the company paying costs in connection with the transaction?**

Yes. The Company has commissioned and will pay for the independent expert's report in respect of the transaction and will bear the costs of (a) legal and professional advice in respect of the transaction; and (b) costs of calling and holding the meeting of shareholders to consider and if thought fit to approve the transaction.

**K. Are there any other contracts or arrangements connected with the transaction?**

In the Company's announcement of this transaction to ASX on 3 July 2007 the Company said that if "this transaction proceeds, whilst remaining a director, Mr Roberts has indicated his intention to stand down as Chairman and CEO of the Company" The Company and Mr Roberts have entered into a Deed which deals with the arrangements on his cessation as CEO. While the matters dealt with in the Deed are not part of the transaction they are dependent on it in that they come into operation upon completion of the transaction.

Mr Roberts has been Executive Chairman since 19 January 2004. His initial three year written contract was extended in March 2007. The Deed provides for, in addition to Mr Roberts' existing contractual entitlements, an agreed termination payment of \$800,000 upon his ceasing to hold managerial office. This payment is for past services Mr Roberts has rendered to the company, and is consistent with market practice and is within the limit prescribed in section 200G of the Corporations Act.

**L. When will the transaction be completed?**

The completion of the transaction is subject to a number of conditions precedent, including approvals from lessors of premises to assignment of leases, approval from franchisors in connection with transfer of the Company's franchises and dealerships, agreement of Volvo Commercial Vehicles Australia Pty Ltd to the issue to the Purchaser of a franchise/dealership for Volvo and Mack trucks, approval from the other shareholder in Kelp Industries Pty Ltd to the transfer of shares, and assignment of major customer contracts. If all of these are not granted, or the conditions waived by the Purchaser, the contract may be terminated by the Purchaser. The time for obtaining such approvals can be extended by agreement between the Company and the Purchaser.

**M. What happens if shareholders do not approve the transaction?**

The agreement entered into between the Company and the purchaser provides that if the transaction is not approved by shareholders at this meeting by the passing of both resolutions, the transaction will not proceed.

**N. Additional Information**

In the Directors' opinion there is no other information that:-

(a) is material to making of a decision by a shareholder in relation to the transaction, being information that is within the knowledge of any director of the Company or any related body corporate at the time of issue of this statement; and

(b) has not previously been disclosed to the shareholders of the Company;

other than the information set out in this document.

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**PITCHER PARTNERS**  
CORPORATE PTY LTD

**Independent  
Expert Report**

**23 July 2007**

**Webster Limited**



# PITCHER PARTNERS

C O R P O R A T E P T Y L T D

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23 July 2007

Pitcher Partners is an association of Independent firms  
| Melbourne | Sydney | Brisbane | Perth | Adelaide

The Independent Directors  
Webster Limited  
120 Campbell Street  
HOBART TAS 7000

Dear Sirs

## INDEPENDENT EXPERT REPORT

### Introduction

Webster Limited (Webster or the Company) entered into a Heads of Agreement on 3 July 2007 with Ironbound Pty Ltd (Ironbound), an entity connected with the Executive Chairman of Webster, to sell the Industrial Services division and the Company's 50% interest in Kelp Industries Pty Ltd (Kelp Industries), for consideration of \$4.5 million (the Proposed Transaction).

You have requested Pitcher Partners Corporate Pty Ltd (Pitcher Partners Corporate) to prepare an Independent Expert Report advising whether the Proposed Transaction is fair and reasonable to the non-associated shareholders of Webster.

### Purpose of Report

ASX Limited's (ASX) Listing Rule 10.1 requires Webster to obtain approval from the non-associated shareholders for the Proposed Transaction to proceed. ASX Listing Rule 10.10.2 requires that the Notice of General Meeting to approve the Proposed Transaction be accompanied by a report from an Independent Expert stating whether the Proposed Transaction is fair and reasonable to the non-associated shareholders.

Accordingly, the report prepared by Pitcher Partners Corporate will be included in the Notice of Meeting to be sent to Webster's shareholders and has been prepared for the exclusive purpose of assisting the non-associated shareholders in their consideration of the Proposed Transaction. This report may not be used for any other purpose.

### Opinion

In our opinion, the Proposed Transaction is fair and reasonable to the non associated shareholders. The principal factors we have taken into account in forming our opinion are discussed in detail in the remainder of our report. The above opinion should be considered in conjunction with, and not independently of, the information set out in the remainder of this report, including the appendices.

The opinion of Pitcher Partners Corporate is based on economic, market and other conditions prevailing at the date of this report. This opinion should be read in conjunction with the attached report and the Explanatory Memorandum forming part of the Notice of General Meeting of the Company.

Yours faithfully

**PITCHER PARTNERS CORPORATE PTY LTD**

**Piera Murone**

Director

Valuations & Transaction Services

**Matthew Pringle**  
Executive Director

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## 1. THE PROPOSED TRANSACTION

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### 1.1 Summary of Proposed Transaction

Ironbound an entity connected with Mr Rod Roberts, the Executive Chairman of Webster, entered into a heads of agreement with the Company to purchase the Industrial Services division comprised of Webster Trucks and Machinery (Webster Trucks) and Webster Bearings & Engineering Supplies (Webster Bearings) as well as the Company's 50% interest in Kelp Industries for \$4.5 million.

It has also been agreed that all corporate assets, including but not limited to hardware, maintenance agreements, software, rights and licences of the information technology systems, electronic files and folders, Webster Intranet, Qlikview, Citrix, Micropay, Units and Epicor, and all furniture, fittings, historic artifacts, paintings, Simmons Plains billboard, including exclusive use of the name Webster. An adjustment is to be made to the purchase price, reducing it by an amount equal to 70% of the employee entitlements of transferring employees.

Ironbound will also adopt all the benefit and burden of the finance leases, novated leases, operating leases, equipment rental in relation to the assets being acquired for Webster Trucks and Webster Bearings as well as the bailment facility for Webster Trucks.

The contract states that as the 'Webster' name is to be included in the Proposed Transaction, the Board has until 30 June 2008 to submit a resolution to shareholders that the company name be changed so that it does not include the word 'Webster'. For a period of two years following completion Ironbound will licence to Webster the name 'Webster' for use in connection with its 'Webster Fresh' and Webster Walnuts' businesses.

The effective date of the agreement is 30 June 2007.

### 1.2 Conditions Precedent

The Heads of Agreement provides for the following conditions to be satisfied before the Proposed Transaction can proceed:

- approval from the non-associated shareholders;
- consent to the assignment of leases of each of the properties used by the relevant businesses;
- agreement of the franchisor to assign the relevant franchises;
- agreement of the principals to assign the dealership agreements;
- approval from the other shareholder of Kelp Industries to transfer the shares; and
- assignment of major customer contracts.

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## 2. INDEPENDENT EXPERT REPORT

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### 2.1 Purpose of the Report

ASX Listing Rule 10.1 requires a listed entity to obtain approval of the holders of its ordinary securities if it proposes to acquire or dispose of a substantial asset from or to a related party, a subsidiary, a substantial holder, an associate of any of the aforementioned, or a person whose relationship with the listed entity or any of the aforementioned is such that, in the ASX's opinion, the transaction should be approved by its members.

ASX Listing Rule 10.2 states that an asset is substantial if its value is five percent or more of the equity interests of the entity as set out in the latest financial statements given to the ASX.

With respect to the Proposed Transaction:

- it is proposed that the Industrial Services division and Webster's 50% interest in Kelp Industries will be sold to Ironbound, entities connected to the Executive Chairman of Webster; and
- the value of the assets being sold is greater than five percent of the equity of Webster as at 31 December 2006, which was \$51.8 million, per the balance sheet at that date.

Consequently, Webster is required to seek approval of the Proposed Transaction from its non-associated shareholders pursuant to ASX Listing Rule 10.1.

ASX Listing Rule 10.10.2 requires that the Notice of General Meeting to approve the Proposed Transaction pursuant to ASX Listing Rule 10.1 be accompanied by a report from an Independent Expert stating whether the Proposed Transaction is fair and reasonable to the non-participating shareholders. Pitcher Partners Corporate has been appointed by the Independent Directors of Webster to prepare such a report.

## 2.2 Assessment of Fairness & Reasonableness

The Corporations Act 2001 (the Act) and the ASX Listing Rules do not provide a definition as to the meaning of fair and reasonable. However, guidance is provided by the Policy Statements (PS) and Practice Notes (PN) issued by the Australian Securities and Investments Commission (ASIC), which establish certain guidelines in respect of Independent Expert reports required under the Act.

PS 75 “Independent Expert Reports to Shareholders” (PS 75) provides guidelines in determining whether a transaction is fair and reasonable for the purpose of reports under Section 640 of the Act relating to takeover offers. PS 75 draws a distinction between “fair” and “reasonable”. An offer is fair if the consideration is equal to or greater than the value of the securities subject to the offer. The comparison must be made assuming 100% ownership of the target company irrespective of the percentage holding of the bidder or its associates in the target company.

PS 74 “Acquisitions agreed to by shareholders” provides guidelines in determining whether a transaction is fair and reasonable for the purpose of reports under Section 611 of the Act. PS 74 states that what is fair and reasonable for non-associated shareholders should be judged in all the circumstances of the proposal, with a comparison made of the likely advantages and disadvantages for the non-associated shareholders if the proposal does or does not proceed.

In determining whether the Proposed Transaction is fair and reasonable we have:

- valued the business units and investment being sold as part of the Proposed Transaction;
- compared the value of the business units and the investment being sold to the amount of the consideration offered to assess whether the Proposed Transaction is fair; and
- assessed the reasonableness of the Proposed Transaction having regard to the potential advantages and disadvantages to the non-associated shareholders if the Proposed Transaction does or does not proceed.

## 2.3 Current Market Conditions

Our opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

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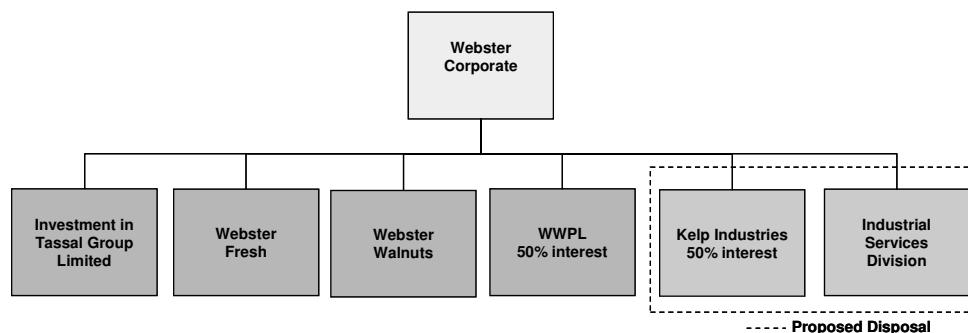
## 3. PROFILE OF WEBSTER AND BUSINESS UNITS

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### 3.1 Overview of Webster

Webster is Australia’s fourth oldest company, having started in 1831 in Tasmania. Webster started as a traditional pastoral house. Using its rural services, merchandising and transport segments as a base, Webster emerged as a leading producer and seller of premium Tasmanian foods. Webster listed on the ASX in 1974.

The current business units and investments of Webster are set out in the diagram below:



Webster's investment in Tassal Group Limited (Tassal) resulted from a merger of Webster's Aquatas division with Tassal in 2005. Following the merger Webster emerged with a 25% stake in Tassal. Tassal is Australia's largest salmon producer.

Webster Fresh is a vertically integrated producer and exporter of premium vegetables including red onions, cream gold onions, carrots and shallots. Its products are sold in supermarkets, independent retailers and to specialist importers throughout Europe and Asia. Webster's "Field Fresh Tasmania" brand has a reputation of high quality and reliability of supply.

Webster Walnuts, a division of Webster, is the largest walnut orchard manager in Australia, managing more than 2,140 hectares (ha) of orchards at Swansea (540ha) on Tasmania's East Coast and at Griffith in New South Wales (NSW) (1600ha). Webster Walnuts is vertically integrated, with operations including:

- two Walnuts nurseries; one located in Tasmania and another in NSW utilised to grow walnut seedlings;
- establishment and management of Walnut orchards for third parties; and
- investment in walnut orchards through its 50% investment in Webster Walnuts Pty Ltd (WWPL).

WWPL owns 1,230 ha of land in Swansea, Tasmania which incorporates 500 ha of walnut orchards planted between 1998 and 2002. It also leases 73 ha land in Cranbrook, Tasmania which has approximately 40 ha of walnut orchards planted between 1995 and 1996.

The remaining operations, which are subject to the Proposed Transaction, comprise:

- Industrial Services division, being Webster Trucks and Webster Bearings; and
- the Company's 50% interest in Kelp Industries.

### 3.2 Industrial Services Division

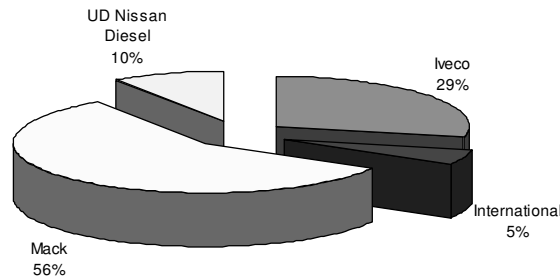
The Industrial Services division comprises Webster Trucks and Webster Bearings. Both businesses operate independently of each other from separate sites across Tasmania.

#### 3.2.1 Overview of Webster Trucks

Webster Trucks operates a state-wide distribution network of truck sales, parts and service outlets from five Tasmanian sites. The sites are all leased and are located at Rocherlea, Montrose, Wivenhoe, Devonport and Selfs Point. In addition to the five sites, Webster Trucks operates a number of mobile services which are on call 24 hours a day, 7 days a week.

Webster Trucks recently relocated its Hobart and Devonport centres to new purpose-built workshops which provide the latest in diagnostic equipment and tooling and heavy vehicle inspection. Subject to the landlord being able to acquire the adjacent land, the Wivenhoe centre is scheduled for upgrade during the 2008 financial year. Rocherlea is also in need of an upgrade, however this may not happen until as late as 2010 when the lease expires and a new site can be located. Management estimate the upgrade of the two facilities will require a capital investment of approximately \$2 million. This upgrade would be a cost incurred by the landlord, but would result in increased rental being charged to Webster Trucks.

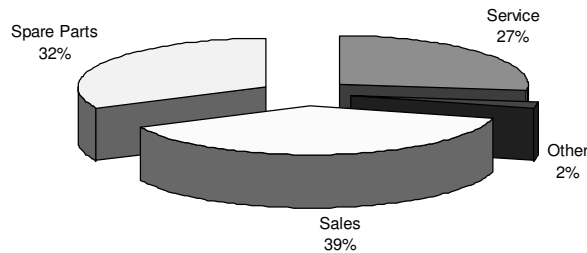
Historically Webster Trucks has sold trucks and provided warranty servicing under franchise agreements with Mack, Iveco, International and Nissan Diesel UD as well as selling Case construction equipment. Approximately 56% of revenue from the sale of new and used equipment over the last three years has been generated from the sale of Mack vehicles, as illustrated in the pie chart below:



Most recently, Webster Trucks was awarded the Volvo franchise for Tasmania. The opportunity arose following the purchase of Mack by Volvo and the desire of Volvo to have one franchisee selling both brands

Very few sales have been generated under the Case franchise. Case heavy duty equipment includes excavators and construction equipment, for which there has been little demand over recent times due to the downturn in the timber industry.

Webster Trucks provides servicing for all makes and models of heavy equipment and services 4WD's and light vehicles under agreements with larger customers. It does not provide 4WD or light vehicle servicing to the general public. The revenue split between sales, servicing and parts is illustrated in the pie chart below:

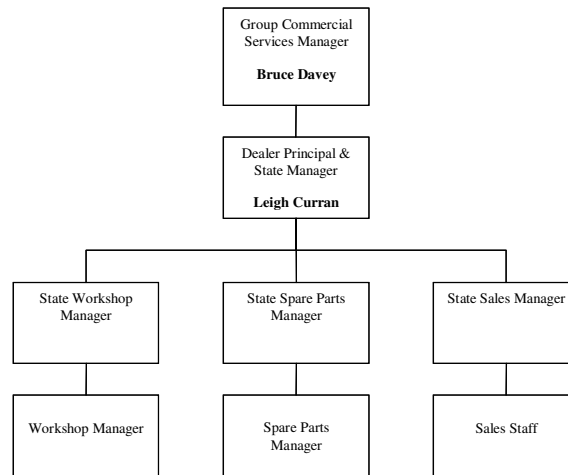


Webster Trucks' largest service customer, contributing approximately 25% of the division's service revenue, is Aurora Energy. Other significant customers include:

- Collex Fleets
- Caltas
- Toll Tasmania
- Metco
- Pioneer Concrete
- Tas-fuel
- Lloyds North

The Aurora Energy contract is up for renewal in June 2008 at the option of Aurora Energy. We understand there is interest from competitors of Webster to obtain this contract.

Webster Trucks employs approximately 90 employees, including 38 qualified mechanics, 14 apprentices, 5 salesmen and a number of back office and administration staff. Mr Bruce Davey heads the Webster Trucks business as illustrated in the management structure below:



3.2.2 Overview of Webster Bearings

Webster Bearings operates a state-wide distribution network of bearing sales, parts and engineering solutions from six Tasmanian sites. Webster Bearings operates from leased sites at Bell Bay, Burnie, Derwent Park, Devonport, Launceston and Rocherlea.

Webster Bearings provides engineering solutions to customers which encompasses the entire asset life-cycle of the product from initial design, to preventative maintenance and parts replacement. Key components of the asset life cycle maintenance are mechanical services, preventive maintenance, condition monitoring and systems for decision support in maintenance work.

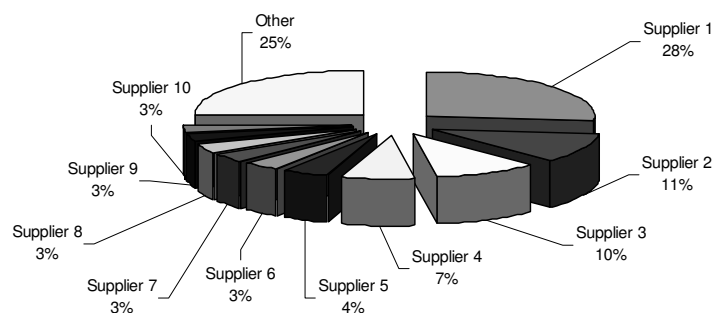
Webster Bearings is also NATA accredited to test chains, lifting equipment and wire rope. Webster Bearings has a 100 tonne test rig in Launceston and two 20 tonne mobile rigs, one based in Launceston and the other in Hobart.

In addition to selling bearings, Webster Bearings sells the following products:

- Lubricants, sealants and adhesives
- Chains and sprockets
- Pulleys and V-Belts
- Brakes and clutches
- Lifting equipment
- Filtration
- Hose and fittings
- Gearboxes
- Hand tools
- Trailer equipment

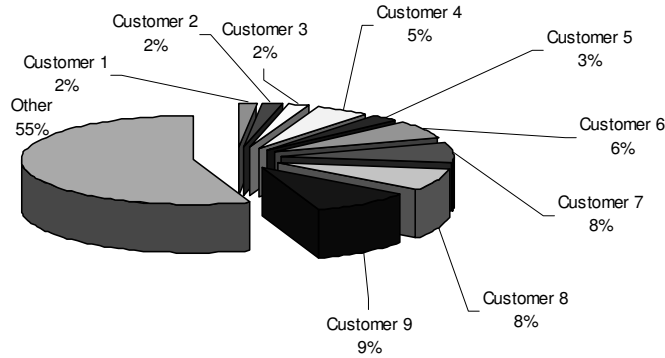
Webster Bearings has franchise agreements with SKF Bearings, Renold, Parker, James Walker, Nobles and David Brown Gear Industries. The franchise agreements are non exclusive, however Webster Bearings is the only supplier of these bearing brands in Tasmania. SKF is the major brand of bearing sold by Webster.

The main supplier to Webster Bearings is SKF, which supplied 28% of total purchases in 2006. This is illustrated in the pie chart of the top 10 suppliers below:

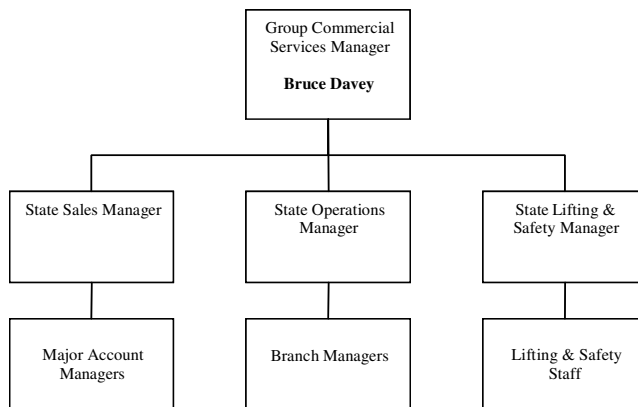


Prior to 2004, Webster Bearings was a FAG bearings distributor. However in 2004, management determined it would be more beneficial to be a distributor of SKF and terminated the franchise arrangements with FAG.

The top 10 customers of Webster Bearings contributed 45% of revenues in 2006, as illustrated below.

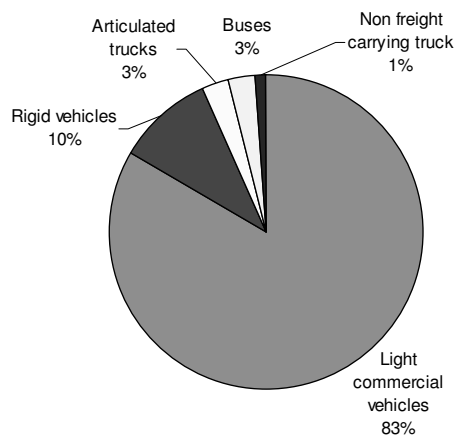


Webster Bearings employs approximately 30 employees across its six sites. Mr Davey heads the Webster Bearings business as illustrated in the management structure below:

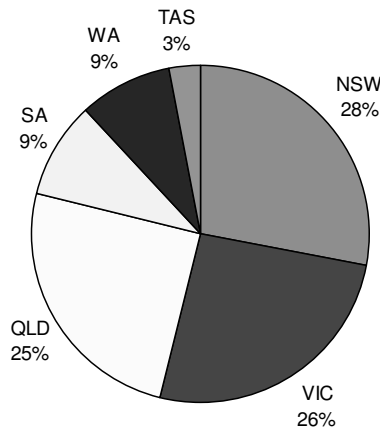


### 3.2.3 Market Overview

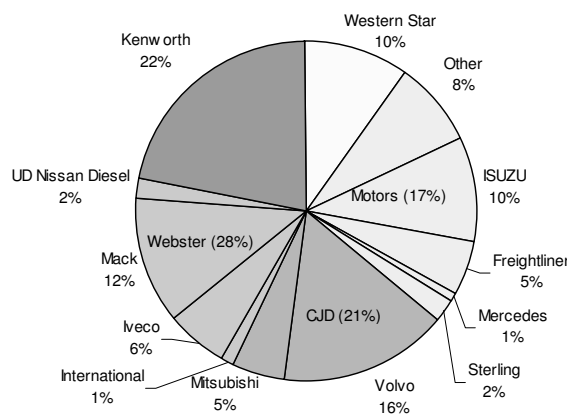
The Australian commercial vehicle and wholesale industry revenue was estimated to be \$17.2 billion in 2006. The major products in this industry are light commercial vehicles, rigid vehicles, articulated trucks, buses and non freight carrying truck. The breakdown of these products are illustrated in the graph below which shows rigid vehicles and articulated trucks generate 13% or \$2.3 billion of sales in Australia annually.



There is a high concentration of commercial vehicle wholesaling establishments throughout the eastern states of New South Wales, Victoria and Queensland, reflecting the locations of road freight and passenger transport enterprise. These three states represent 79% of the total market. Tasmania represents just 3% of sales in the Australian market.



Prior to obtaining the Volvo franchise, Webster Trucks had a 28% market share (averaged over a 3 year period) of the heavy duty vehicle market in Tasmania, followed by CJD with 21% and Motors Pty Ltd with 17%, as illustrated below.



With the Volvo franchise Webster could potentially increase its market share.

Webster Trucks is now the only distributor of Volvo, Mack, International and Nissan in Tasmania and therefore competition is restricted to distributors of competitor brands, such as Kenworth and Mercedes. Competition in this industry is impacted primarily by:

- Brand status of other truck manufacturers and dealers.
- Price being offered to customers.
- Provision of superior after sales service.

The key sensitivities affecting the performance of the industry include:

- Interest rates which determine the affordability of commercial vehicles as most purchases are financed by loans. Lower interest rate regimes provide an incentive to upgrade vehicles.
- Downstream demand for products/services requiring heavy duty vehicles.
- Exchange rate movement which impacts the price of import vehicles and therefore affects the retail price.

The size of the bearings market is difficult to ascertain. In Tasmania, the competitors to Webster Bearings are numerous with many bearing retailers operating in close proximity to Webster Bearings. Management consider the smaller operators to be a bigger threat, as they have significantly lower overheads and are therefore able to

compete easily on price. Management has therefore made a concerted effort to differentiate Webster Bearings from its competitors on service, by offering engineering solutions, not just product.

Major barriers to entry in this industry include obtaining distributorship agreements from reputable suppliers with a strong brand in the market place (i.e. SKF or FAG), together with strength of existing participants and the costs associated with establishing warehousing and distribution systems.

The key success factors that influence the performance of the industry are:

- Ability to control stock on hand;
- Supply contracts; and
- Economies of scale.

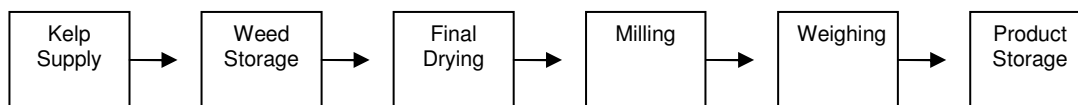
### 3.3 Kelp Industries

#### 3.3.1 Overview of Operations

Kelp Industries is a joint venture between Webster and ISP Alginates, the world's largest producer of alginates. Webster has a 50% interest in Kelp Industries. The operations are conducted from an owned factory on King Island, which was established in 1975 to process bull kelp for its alginate properties.

Alginates are used as a thickening agent in detergents, shampoos, cosmetics and grout as well as being used as a stabilising agent in foods such as ice cream, salad dressings and imitation cream. Alginates are found in seaweed, with bull kelp having the highest alginate yield of any brown seaweed. Alginates are extracted using a chemical process to produce purified salts of Alganic Acid.

The method for processing bull kelp to obtain its alginates properties is set out in the diagram below:



*Kelp Supply* - Self employed suppliers hand select plants from the west coast of the King Island and deliver them to Kelp Industries factory for which they are paid a fee. The kelp plant is then hung out to air dry.

*Weed Storage* - The kelp is mechanically lifted from the lower racks and placed in the higher level racks for storage and atmospheric pre-drying.

*Final Drying* - After two weeks of being air-dried, the Kelp is fed into a wood fired drying system which evaporates the residual water and renders the Kelp storage-stable, and brittle for milling.

*Milling* – The Kelp is then milled into granular form using purpose-built equipment.

*Weighing* - The milled product is packaged into 1 tonne quantities for export or 20kg bags to be sold in the local domestic market.

*Product Storage* - The product is stored pending shipment.

Kelp Industries operates as a stand alone entity from Webster, with its financial performance is governed by a shareholder agreement between the two parties. The shareholder agreement entitles ISP Alginates to 90% of the final product produced by Kelp Industries at a mark-up on the total production costs.

#### 3.3.2 Market Overview

Kelp Industries produces approximately 2,500 tonnes per annum of the total world market production of approximately 6 million tonnes. The main kelp milling facilities are located in China and California. The existence of the shareholder agreement and the attractive price at which ISP Alginates acquires the kelp means that Kelp Industries is unlikely to compete with such other kelp milling facilities.

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**4. FINANCIAL INFORMATION**


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**4.1 Summary Profit and Loss**

A summary of the actual revenue, costs and EBIT for each of the businesses forming part of the Proposed Transaction are illustrated in the table below for the financial years ended 30 June 2005 and 2006 and forecast for the financial year ended 30 June 2007. The 2007 forecasts have been prepared based on actual results for the eleven months ended 31 May 2007, which have then been extrapolated to 30 June 2007.

**Summary Profit and Loss - 2005 to 2007**

	<b>12 months ended 30 June 2005 (Actual) \$'000</b>	<b>12 months ended 30 June 2006 (Actual) \$'000</b>	<b>12 months ended 30 June 2007 (Forecast) \$'000</b>
<b>Revenue</b>			
Webster Trucks	29,872	24,152	25,085
Webster Bearings	11,829	9,440	9,477
Kelp Industries – 50% interest*	986	1,167	1,220
<b>Total Revenue</b>	<b>42,687</b>	<b>34,759</b>	<b>35,782</b>
<b>Net Operating Expenses</b>			
Webster Trucks	29,191	23,912	24,394
Webster Bearings	12,130	9,755	9,870
Kelp Industries – 50% interest*	881	1,041	1,113
<b>Total Net Operating Expenses</b>	<b>42,202</b>	<b>34,708</b>	<b>35,377</b>
<b>EBIT</b>			
Webster Trucks	681	240	691
Webster Bearings	(301)	(315)	(393)
Kelp Industries – 50% interest*	105	126	107
<b>Total EBIT</b>	<b>485</b>	<b>57</b>	<b>405</b>

Source: Financial Statements and Management Information

\* 31 December year end

Key factors identified from our review of the historical and forecast performance of the above business follows:

#### 4.1.1 Webster Trucks

Webster Trucks revenue decreased by \$5.7 million (20%) in the 12 months to 30 June 2006, as a result of a decrease in the number of units sold reducing from 140 in 2005 to 93 in 2006. More specifically in the 2006 financial year, Mack sales decreased by 54% from \$5.9 million and revenue from the sale of Nissan products decreased by 75% from \$2 million. Management attributed the decrease in sales to a decline in the forestry sector and to having inappropriate stock on hand. Webster Trucks is forecasting growth in revenue of 3.9% for the 2007 financial year.

Expenses decreased from \$29 million in 2005 to \$24 million in 2006. The majority of this reduction reflected the lower volume of sales and therefore lower cost of sales. Expenses are forecast at similar levels for the 2007 financial year.

The increase in revenue is expected to result in an increase in EBIT to \$691,000.

#### 4.1.2 Webster Bearings

In the 12 months to 30 June 2006, sales decreased by \$2.4 million to \$9.4 million. Management have advised that this is the result of a number of factors, including:

- the unbolting and subsequent sale of the rural services division of Webster. This resulted in a decrease in revenues from retail trade as Webster was no-longer a one-stop-shop for customers who had to go elsewhere for rural supplies;
- the change from the FAG bearings distributorship to SKF bearings and the subsequent decline in revenues from major customers such as Zinifex and Norske, who were not willing to change bearing suppliers;
- having the business actively on the market. This damaged relationships with both staff and customers as they were unsure of the future prospects of Webster Bearings; and
- poor internal controls.

Sales to 30 June 2007 are forecast to remain at similar levels to the prior year.

Expenses decreased from \$12.1 million in 2005 to \$9.8 million in 2006. The majority of this reduction reflected the lower volume of sales and therefore lower cost of sales together with a reduction in operating expenses resulting from the cost cutting exercise. Expenses are expected to remain relatively stable in 2007.

Despite management's concentrated effort to improve the revenue and earnings of the business, Webster Bearings is forecasting a loss at EBIT level of \$393,000 for 2007.

#### 4.1.3 Kelp Industries

Kelp Industries revenues are very much governed by the shareholder agreement with ISP Alginates. As discussed earlier the shareholder agreement provides for 90% of the processed milled bull kelp to be sold to ISP Alginates at a mark-up on the total production costs. Webster is entitled to purchase the balance of the milled bull kelp at the same price, therefore restricting any potential for revenue growth. Historically Kelp Industries has also received a small amount of revenue (approximately 1%) from the rental of a truck to local kelp harvesters. The truck was sold in late 2006 and Kelp Industries no longer receives revenue from this source.

As a result of the business operating on a cost plus approach, Kelp Industries posts a static profit year on year, which is available for distribution to its two shareholders. Webster usually receives a dividend in the range of \$65,000 to \$85,000 per annum.

#### 4.2 Financial Position

A summary of the balance sheets for the business units which form part of the Proposed Transaction is set out below, at the latest available balance sheet for each of the units:

## Summary Balance Sheet

All numbers are expressed in thousands AUD	Webster Trucks	Webster Bearings	Kelp Industries	Total
	As at 31 May 2007	As at 31 May 2007	As at 31 Dec 2006	
<b>Current Assets</b>				
Cash and Deposits	165	1	217	383
Current Receivables <sup>#</sup>	3,689	1,254	74	5,017
Inventory <sup>#</sup>	4,158	2,285	173	6,616
Other financial assets	-	-	28	28
Other	-	-	6	6
<b>Total Current Assets</b>	<b>8,012</b>	<b>3,540</b>	<b>498</b>	<b>12,050</b>
<b>Non-Current Assets</b>				
Property Plant and Equipment <sup>#</sup>	1,013	589	353	1,955
Deferred tax assets	-	-	56	56
<b>Total Non-Current Assets</b>	<b>1,013</b>	<b>589</b>	<b>408</b>	<b>2,011</b>
<b>Total Assets</b>	<b>9,025</b>	<b>4,129</b>	<b>907</b>	<b>14,061</b>
<b>Current Liabilities</b>				
Bank Overdraft	-	60	-	60
Payables <sup>#</sup>	2,828	1,087	203	4,118
Borrowings <sup>#</sup>	1,330	-	8	1,338
Finance obligations <sup>#</sup>	209	90	-	299
Tax payables	-	-	14	14
Provisions	828	501	27	1,356
<b>Total Current Liabilities</b>	<b>5,195</b>	<b>1,738</b>	<b>252</b>	<b>7,185</b>
<b>Non-Current Liabilities</b>				
Finance obligations <sup>#</sup>	120	76	26	222
Provisions	-	-	1	1
Deferred tax liabilities	-	-	47	47
<b>Total Non-Current Liabilities</b>	<b>120</b>	<b>76</b>	<b>74</b>	<b>270</b>
<b>Total Liabilities</b>	<b>5,315</b>	<b>1,814</b>	<b>326</b>	<b>7,455</b>
<b>Net Assets</b>	<b>3,710</b>	<b>2,315</b>	<b>581</b>	<b>6,606</b>
<b># Net Assets being acquired</b>	<b>4,373</b>	<b>2,875</b>	<b>290</b>	<b>7,538</b>

Source: Management

The above balance sheets incorporate 100% of Kelp Industries and not the 50% interest currently held by Webster. Furthermore, the above balance sheets for the divisions of Webster incorporate various assets and liabilities which are not being transferred. The net assets being acquired as part of the Proposed Transaction amount to \$7.5 million at book value.

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## 5. ASSESSMENT OF FAIRNESS

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### 5.1 Overview

In assessing whether the Proposed Transaction is fair to the non-associated shareholders of Webster, we have:

- estimated the value of each of the following:
  - Webster Industrial Services division (Webster Trucks and Webster Bearings); and
  - the Company's 50% interest in Kelp Industries; and
- assessed the fairness of the Proposed Transaction by comparing the value of the business units and investments to the value of the cash consideration.

### 5.2 Valuation Approach

In establishing the market value of the business units and investments we have considered the following valuation approaches:

- Capitalisation of future maintainable earnings;
- Discounted cash flow;
- Asset based methodologies; and
- Industry specific methodologies.

#### Capitalisation of Future Maintainable Earnings

The capitalisation of future maintainable earnings method capitalises future maintainable earnings using an appropriate multiple. The selection of multiple is undertaken by reviewing either guideline company data or mergers and acquisition data.

In using guideline company data, a portfolio of public companies is selected based on comparability of the subject company from which valuation multiples and other analytics are calculated. Multiples are then selected and applied to the subject entity to arrive at an indication of value. The multiples derived for guideline companies are based on share prices reflective of the trades of small parcels of shares. As such, they generally reflect multiples reflective of the prices at which portfolio interests change hands. That is there is no premium for control incorporated within such pricing. The multiples may also be impacted by the level of liquidity in the particular stock.

The same principles apply to the mergers and acquisitions data, however the multiples derived are based on an analysis of recent trades of entire companies rather than minority trades of listed companies. This approach also looks at implied multiples from trades in the subject entity's own equity and potential offers by alternative acquirers. In respect of the latter, this involves considering the premium price that an alternative acquirer is prepared to pay for a business as a result of potential economies of scale, reduction in competition and synergies with existing operations or other factors.

#### Discounted Cash Flow

The discounted cash flow methodology has regard to the expected future economic benefits discounted to present value. This is considered appropriate where a forecast of future cash flows can be made with a reasonable degree of certainty. This approach is particularly relevant to the valuation of a business in its early growth stage but is equally applicable to any business with expectations of significant growth or with volatility in cash flows.

In undertaking the discounted cash flow methodology regard is generally had to:

- the projected future cash flows;
- an appropriate discount rate; and
- the perpetuity or terminal value, if any.

### Asset Based Approach

The asset based approach determines the value of the shares having regard to the market value of the underlying assets and liabilities thereof. This approach includes the following methodologies:

- going concern method;
- orderly realisation method; and
- liquidation method.

Under a going concern method, the value is derived by assessing the market value of every asset and liability on a going concern basis. This may include a premium to reflect the value of intangible assets not recorded on the balance sheet, if appropriate, to reflect market position, profitability and overall attractiveness of business. The net asset value, including any premium, can be matched to the net asset value recorded in the balance sheet, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies. A net asset or cost based methodology is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies).

The orderly realisation method has regard to the amount that would be distributed to shareholders on the assumption that the entity would be liquidated with the funds realised from the sale of its assets, after payment of all liabilities including realisation costs and taxes, being distributed to shareholders.

The liquidation method is based on the same principles except that in the orderly realisation method, the assets are realised in an orderly manner, whereas, the liquidation method assumes that the assets are sold within a shorter time frame.

### Industry Specific Methodology

Depending on the industry in which the business operates, an industry specific approach may be appropriate in assessing value. Industry specific methodologies typically involve the application of a 'rule of thumb', which is accepted within the industry as an appropriate basis for benchmarking value.

Industry specific methodologies typically involve the application of a multiplier to an operating metric such as revenue, customer numbers or funds under management. The multiplier applied is determined with reference to common perception in the market, which is supported through empirical evidence from recently completed transactions.

An industry specific methodology is most appropriate as a cross-check of the value determined by applying one of the above methodologies as a primary methodology.

### Selection of Approach & Methodology

In valuing the business units of Webster, we have adopted the following methodologies:

- Webster Trucks – capitalisation of future maintainable earnings;
- Webster Bearings – orderly realisation of assets; and
- the Company's 50% interest in Kelp Industries – capitalisation of future maintainable earnings.

## 5.3 Value of Webster Trucks

### 5.3.1 Selection of Multiple

#### Guideline Company Data

In selecting guideline company data we undertook a search on Bloomberg for listed companies that operate in a similar industry to that of Webster Trucks. The three entities identified are guideline companies which operate in the retail vehicle market. The multiples for these entities are detailed below.

**Guideline Company Multiples**

Company	Enterprise Value	Revenue*	Current Multiples*		Forecast Multiples	
			\$M	\$M	EBITDA	EBIT
AP Eagers Limited	598.3	1,170	16.4	19.6	10.9	12.6
Adtrans Group Limited	175.0	635	9.8	11.1	9.7	10.7
Automotive Holdings Group Limited	1,009.7	1,562	19.3	22.3	13.7	15.7
Mean			15.2	17.7	11.4	13.0
Median			16.4	19.6	10.9	12.6

Source: Bloomberg

\*based on 12 months to December 2006

AP Eagers Limited (AP Eagers) is a pure automotive retail group with its main operations in Brisbane, Darwin and the Newcastle/ Hunter Valley region. The principal activities consist of sale of new and used motor vehicles, distribution of parts and accessories and the provision of service, finance, leasing and extended warranty for motor vehicles. It sells a broad range of vehicles ranging from Kia through to Porsche, representing eight of the top 10 vehicle dealerships in Australia, with a total of 39 branded dealership sites.

Adtrans Group Limited (Adtrans) operates motor vehicle dealership franchises throughout Australia selling used cars and trucks. Adtrans sells Ford, Daihatsu, Toyota, Kia, Hyundai and Chrysler Jeep cars. Adtrans also sells Mitsubishi, Sterling, Iveco, UD, Mercedes and Freightliner trucks.

Automotive Holdings Group Limited (AHG) is an automotive retail and logistics company. AHG operates 19 dealerships from 22 locations and holds 28 franchises from 20 manufacturers. In addition, it holds a majority investment in the Perth Auto Alliance (PAA), which operates six dealerships from six locations holding franchise agreements with one manufacturer. AHG's logistics division operates three businesses in warehousing, transport and distribution, including AMCAP, a modern automotive parts and associated products warehousing and distribution business; Rand Transport, a national refrigerated transport, cold storage and distribution services provider, and KTM, which holds Australian wholesale distributorship for Austrian motorcycle manufacturer, KTM Sportmotorcycles.

We have considered the operations of each of the above entities, as well as size, location, turnover and profitability of those companies as compared to Webster Trucks. This has been summarised in Appendix 2.

Our analysis indicates that the entities listed above are too large to be compared with Webster Trucks and therefore we do not consider the derived multiples to be appropriate for determining the value of Webster Trucks and have therefore included this data for information purposes only.

### Mergers & Acquisition Data

During the 2006 and 2007 year there were a number of transactions in the industry, the following for which we were able to obtain implied multiples from the transactions.

### Transaction Evidence – Implied Multiples

Date	Transaction	Consideration \$m	Implied Multiple
2007	AHG acquired the Zupps Group	117.4	*5.2 x forecast EBITDA multiple
2006	AHG acquired McGrath Lander Motor Group	69.2	**8.5 x forecast EBIT multiple
2006	AP Eagers acquired Kloster Motor Group	29.0	4.8 to 6.4 times pre tax P/E multiple

Source: Bloomberg & Internet

\* estimated based on assumed EBITDA margin of 3.4% of turnover

\*\* estimated based on extrapolation of earnings generated in first month of operation within AHG

Zupps Group (Zupps) is Queensland's largest privately owned automotive retailing group. It has 32 franchises operating from 18 locations and representing 13 automotive brands. In the 2007 financial year, Zupps revenue is expected to be approximately \$670 million. The acquisition is expected to consolidate AHG's position as Australia's largest automotive retailer, operating 86 franchises across 4 Australian states and New Zealand.

McGrath Lander Motor Group (McGrath) is one of the largest automotive retailers in NSW. McGrath has annual turnover of more than \$650 million. It operates 15 motor vehicle dealerships in the Sydney metropolitan area and holds franchises with 10 motor vehicle manufacturers, encompassing 7 of the top 10 selling brands in Australia.

Kloster Motor Group (Kloster) is the largest automotive retailer in the Newcastle and Hunter Region with turnover of over \$300 million. Kloster currently has exclusive representation for BMW / Mini, Chrysler Jeep and Dodge, Ford, Honda, Hyundai, Mitsubishi, Nissan, Suzuki and VW within Newcastle along with additional representation for Ford and Hyundai in a number of regional centres in the Hunter Valley.

Our analysis of the above indicates the following:

- The above transactions incorporate premiums paid for control, strategic value or synergy value.
- Each of the above entities are significantly larger than Webster Trucks which generated sales of \$24 million in 2006 as compared to \$300 million to \$670 million for the above entities.
- Each of the above entities acquired relate to motor vehicle dealerships and operate in a larger market.

#### Determination of Multiple

In addition to the above we have considered the following in determining an appropriate multiple:

- The division has the latest in diagnostic equipment, tooling and heavy vehicle inspections.
- The earnings of the division have been impacted by the cut back in forestry logging activity in Tasmania.
- Webster has recently been awarded the Volvo franchise, which is estimated to increase its market share.
- The division has a high level of working capital.
- Typically smaller companies trade at a discount to larger companies. This reflects the perceived risk associated with smaller entities. Ibbotson & Associates indicates that smaller companies generally trade at a discount to larger companies of approximately 20 percent.
- Broker reports on Webster ascribe a forecast EBIT multiple to the Industrial Services division of 7.25 times.

Having regard to the above, we are of the opinion that an appropriate EBIT multiple to be applied to the future maintainable EBIT of Webster Trucks is in the range of 6 to 7 on a control basis.

#### 5.3.2 Estimation of Future Maintainable Earnings

Performance of Webster Trucks has been volatile over the period, primarily due to movements in sales revenue. Management have forecast earnings of \$691,000 for the year ended 30 June 2007. The recent win of the Volvo franchise is likely to see an increase in revenue and earnings. The anticipated growth from the Volvo franchise has been reflected in the multiple.

In estimating the future maintainable earnings we have therefore adopted the forecast for the 2007 financial year of \$691,000.

### 5.3.3 Enterprise Value

The enterprise value of Webster Trucks has been estimated as follows:

#### Enterprise Value – Webster Trucks

	<b>Low</b>	<b>High</b>
Future Maintainable Earnings (\$'000)	691	691
Multiple	6	7
Enterprise Value (\$'000)	4,146	4,837
Less Financing Obligations (\$'000)	(329)	(329)
Less Borrowings (\$'000)	(1,330)	(1,330)
<b>Value of interest being acquired (\$'000)</b>	<b>2,487</b>	<b>3,178</b>

The multiple used in determining the enterprise value was based on EBIT and did not take into consideration the financing costs associated with leased assets which are to form part of the Proposed Transaction. In order to take this into account, we have deducted the financing obligations and borrowings being adopted from the enterprise value derived in order to determine the value of Webster Trucks.

We have assessed the reasonableness of the above value having regard to the value of the net operating assets on an orderly realisation basis. As stated previously, this methodology has regard to the amount that would be distributed to shareholders on the assumption that the business would be liquidated with the funds realised from the sale of its assets, after payment of all liabilities including realisation costs and taxes, being distributed to shareholders. Whilst this is not an option that is being considered by the Company, or likely to be considered by an investor which is predominantly interested in the ability of the business to generate earnings, this is useful in assessing the reasonableness of the value derived using a capitalisation of future maintainable earnings approach.

Section 4.2 contains the balance sheet for the division as at 31 May 2007. The balance sheet indicates that as at that date Webster Trucks had net assets of \$3.7 million, with the adjusted net assets subject to the Proposed Transaction of \$4.4 million (refer table 4.2). This compares to the value derived above of between \$2.5 million and \$3.2 million.

### 5.4 Value of Webster Bearings

Webster Bearings is loss making. We have therefore assessed the value having regard to the value of the net operating assets on an orderly realisation basis. As stated previously, this methodology has regard to the amount that would be distributed to shareholders on the assumption that the business would be liquidated with the funds realised from the sale of its assets, after payment of all liabilities including realisation costs and taxes, being distributed to shareholders.

Section 4.2 contains the balance sheet for the division as at 31 May 2007. The balance sheet indicates that as at that date Webster Bearings had net assets of \$2.3 million.

Our discussions with management indicated that on an orderly realisation basis there would be significant losses associated with the sale of the inventory and the plant and equipment. In addition there would be costs associated with the realisation of the assets including redundancy costs associated with terminating employees.

Management expect that in an orderly realisation it is likely that the assets would be realised as follows:

**Summary Balance Sheet**

All numbers are expressed in thousands AUD	Webster Bearings	%	Adjustments	Orderly Realisation
	As at 31 May 2007	Adjustment		As at 31 May 2007
<b>Assets</b>				
Current Receivables	1,254	10%	(125)	1,129
Corporate IT assets			75	75
Inventory	2,285	40%	(914)	1,371
Plant and Equipment	589	75%	(442)	147
<b>Total Assets</b>	<b>4,128</b>		<b>(1,406)</b>	<b>2,722</b>
<b>Liabilities</b>				
Payables	1,087	-	-	1,087
Finance obligations	166			166
Realisation costs	-		480	480
Redundancies	-		160	160
<b>Total Liabilities</b>	<b>1,253</b>		<b>640</b>	<b>1,893</b>
<b>Net Operating Assets</b>	<b>2,875</b>			<b>829</b>

Source: Management

In determining the appropriate adjustments, management had regard to the following:

- A provision should be made to the accounts receivable balance of 10% to allow for debts which will not be collected under an orderly realisation of the Webster Bearings' assets.
- The inventory balance comprises bearing stock located at Webster Bearings' six sites. The agreement which Webster Bearings has with the major bearing providers has strict terms for the return of goods. These terms stipulate the Webster Bearing liability for the cost of freight and a requirement for the stock to be in current packaging. There is also a requirement that a certain level of historical stock turnover be adhered to. Having considered the ageing profile of the stock, together with the cost of freight to return unsold stock to the mainland, management estimated an adjustment of 40% should be made to the inventory balance.
- Webster Bearings' plant and equipment balance comprises furniture and fittings, mobile test rigs, leasehold improvements and motor vehicles. The amount recovered under an orderly realisation for furniture & fittings and leasehold improvements is likely to be very low given the nature of these assets. Management have also advised that the mobile test rigs were purpose built and therefore may have limited potential buyers. Management estimate that due to the nature of the plant and equipment an adjustment of 75% should be made under an orderly realisation.
- An orderly realisation of assets would result in costs being incurred in realising the assets. These have been estimated at \$480,000 and include:
  - payout of property leases - \$270,000;
  - payout of motor vehicle leases - \$100,000;
  - termination of the forklift rental - \$15,000; and
  - exit costs associated with the IT systems - \$95,000.

Having regard to the above, we have derived a value on an orderly realisation basis of \$829,000.

Employee entitlements have been excluded in determining of the net asset value of Webster Bearings as an adjustment is to be made to the purchase price to reduce it for an amount equal to 70% of the employee entitlements of transferring employees.

#### 5.5 Value of the Company's 50% Interest in Kelp Industries

In valuing the Company's 50% interest in Kelp Industries we have had regard to the unusual nature of this investment. The 50% interest in Kelp Industries is very much a passive investment of Webster. For many years Webster has been receiving a dividend in the range of \$65,000 to \$85,000 per annum which reflects the distribution of 50% of the profits generated. It is expected that such dividends will continue into the future. We have therefore adopted a surrogate of the capitalisation of earnings method and capitalised the dividend stream. In determining an appropriate dividend yield to apply, we had regard to the following:

- The company issues the majority, if not all, of its profits as a dividend.
- The company sells 90% of its product to ISP Alginates, the other 50% shareholder, who requires the product to manufacture alginate to assist in its manufacturing of other food products.
- Webster has been generating dividends from this investment for many years and does not expect this to change in the short to medium term.

Based on the above, we consider it appropriate to adopt a dividend yield in the range of 10% to 12%. This derives a value for the 50% investment in the range of \$0.5 million to \$0.9 million as summarised below:

#### Valuation of 50% Interest in Kelp Industries

	Low	High
Maintainable Dividends (\$'000)	65	85
Dividend Yield	12%	10%
<b>Value of 50% Interest (\$'000)</b>	<b>542</b>	<b>850</b>

Source: Pitcher Partners Corporate

#### 5.6 Combined Value of Businesses

Summarised below is the combined value of the businesses proposed to be sold.

#### Value of Businesses

	Low \$'000	High \$'000
Webster Trucks	2,487	3,178
Webster Bearings	829	829
50% in Kelp Industries	542	850
<b>Total</b>	<b>3,858</b>	<b>4,857</b>

Source: Pitcher Partners Corporate

#### 5.7 Value of Consideration

The consideration being offered is \$4.5 million in cash. We have not deducted employee entitlements from consideration being offered in order to be consistent with the valuation methodology adopted.

5.8 **Fairness**

## Assessment of Fairness

	Low \$'000	High \$'000
Value of Business Units	3,858	4,857
Value of Consideration	4,500	4,500

Source: Pitcher Partners Corporate

The value ascribed to the business units is in the range of \$3.9 million to \$4.9 million, including a control premium. This compares to the consideration being offered of \$4.5 million. As the consideration being offered falls within the range of values determined for the businesses being acquired, we consider the Proposed Transaction is fair.

## 6. ASSESSMENT OF REASONABLENESS OF PROPOSED TRANSACTION

### 6.1 Assessment of Reasonableness

As stated in Section 2.2, the Independent Expert must compare the likely advantages and disadvantages of the Proposed Transaction on the basis that the Proposed Transaction proceeds or does not proceed.

### 6.2 Advantages if the Proposed Transaction Proceeds

The advantages to the non-associated shareholders if the Proposed Transaction proceeds are as follows:

- **Management focus on profitable operations** – The Board and management have devoted considerable time in restructuring the Industrial Services division in an effort to improve its financial performance and to increase profitability and returns. Despite these efforts the Industrial Services division has continued to perform poorly and is distracting management from the remaining more profitable operations of Webster.
- **Focus on core products** – The directors consider that the Industrial Services division and Kelp Industries investments are no longer core to the Group's future operations and the disposal is in line with this strategy to focus on higher yielding agriculture and aquaculture.
- **Higher return on investments** – The Industrial Services division has historically underperformed, with Webster Bearings currently forecasting a loss for the 2007 financial year of \$393,000 and Webster Trucks while returning profits, is forecasting an inadequate return when compared to the funds invested in this business. These divisions have provided consistently poor results over the last three years, despite management's concerted effort to improve both profits and performance through various turnaround strategies. The remaining divisions have historically provided a higher rate of return.
- **A real offer** – The Industrial Services division has been actively advertised as being for sale with it first put to the market in 2005. During this time the Board has been open to offers for the Industrial Services division, however no comparable offers have been received. The Board has expressed a willingness to close the Webster Bearings business should the Proposed Transaction not proceed. Should the Webster Bearings operations be discontinued it is expected that the proceeds from the close down would be considerably less than that being offered under the proposal.
- **Diversified vegetable portfolio** - The Proposed Transaction will provide Webster with additional funds to expand Webster Fresh and enable more vegetable varieties to be added to the current portfolio. This will lower the risk of external factors having a significant impact on the business should one of the products be affected.
- **Debt reduction** – The proceeds received from the Proposed Transaction could also be used to reduce current loan facilities and therefore reduce interest gearing and finance costs.

### 6.3 Disadvantage if the Proposed Transaction Proceeds

The disadvantages to the non-associated shareholders if the Proposed Transaction proceeds are as follows:

- **History lost** – Webster has a long history, as one of the first companies in Australia. The Proposed Transaction includes the transfer of the Webster name and therefore a significant element of Webster's history will be lost.
- **Cash flow** – While Webster Trucks has been underperforming, it remains a good source of cash flow to Webster during the Webster Fresh and Webster Walnuts growing season, when these businesses are not generating cash flows.

### 6.4 Advantages if the Proposed Transaction does not Proceed

The advantage to the non-associated shareholders if the Proposed Transaction does not proceed is that the Board and management will have the opportunity to potentially turn around the Industrial Services division, which if successful could increase its future value. The board and management have gone through a cost cutting exercise and have made several attempts to turn the industrial services business around over recent years, but have not been successful. While there is potential for a turnaround going forward, there is no evidence to suggest a further attempt would be successful.

### 6.5 Disadvantages if the Proposed Transaction does not Proceed

The disadvantages to the non-associated shareholders if the Proposed Transaction does not proceed are as follows:

- **Uncertainty** - There will continue to be a high level of uncertainty amongst Webster's staff, suppliers and customers as to the future of the businesses subject to the Proposed Transaction. Such uncertainty may lead to staff turnover, suppliers moving distributorships to other retailers and customers securing products from competitors, which could further impede the Industrial Services division, reduce its value and stunt the growth potential of Webster Trucks.
- **Future offers not guaranteed**- Despite actively looking for a purchaser for the Industrial Services division for more than two years, the directors have been unable to identify a possible acquirer willing to pay equal to or more than that offered by Ironbound. Therefore if the transaction was not to proceed it could be some time before an appropriate purchaser was identified, during which time the division may continue to generate losses and utilise management resources. There is also no certainty that any future offer would exceed the current proposal.
- **Value of Kelp Industries could reduce** – The Kelp Industries shareholder agreement provides for the finished product to be sold at cost plus a small margin. This agreement prevents the business from being grown and its profits being increased. It is therefore unlikely that the returns generated from the business can be improved, while there is potential risk to the current supply of kelp due to climatic factors. Such factors could reduce production levels, which in turn would reduce returns to shareholders of Kelp Industries.

### 6.6 Conclusion on Reasonableness

In determining if the Proposed Transaction is reasonable to non-associated shareholders, we note that no other offers have been received by Webster for the Industrial Services division and that it is the directors' intention to divest these businesses and concentrate on growing the agribusiness. We have also given consideration to the fact that the Industrial Services division is capital intensive and has provided Webster historically with a very low return on investment. It is for these reasons that we consider that the Proposed Transaction is reasonable to non-associated shareholders.

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 APPENDIX 1: GLOSSARY OF TERMS
 

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the Act	The Corporations Act 2001
Adtrans	Adtrans Group Limited
AHG	Automotive Holdings Group Limited
AP Eagers	AP Eagers Limited
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited
ATO	Australian Taxation Office
CJD	CJD Equipment Pty Ltd
ha	Hectare
IBISWorld	IBISWorld Industry Report
Ironbound	Ironbound Pty Ltd
Kelp Industries	Kelp Industries Pty Ltd
Kloster	Kloster Motor Group
McGrath	McGrath Lander Motor Group
NSW	New South Wales
PAA	Perth Auto Alliance
PN	Practice Notes
PS	Policy Statements
PS 75	PS 75 "Independent Expert Reports to Shareholders"
Purchasers	Ironbound and TGC
Tassal	Tassal Group Limited
Webster, the Company	Webster Limited
Webster Bearings	the bearings division of Webster
Webster Trucks	the trucking division of Webster
Webster Walnuts	the Walnuts division of Webster and WWPL
WWPL	Webster Walnuts Pty Ltd
Zupps	Zupps Group

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**APPENDIX 2: GUIDELINE COMPANIES**


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**Comparison of Guideline Companies**

	<b>Webster</b>	<b>AP Eagers</b>	<b>Adtrans</b>	<b>AHG</b>
Operations	Truck sales of Volvo, Mack, Iveco, International, Nissan Diesel UD and Case construction equipment. Servicing of any diesel machinery.	Automotive retail group which activities consist of sale of new and used motor vehicles, distribution of parts and accessories and the provision of service, finance, leasing and extended warranty for motor vehicles.	Operates motor vehicle dealership franchises around Australia including used cars and trucks. It sells Ford and new Daihatsu vehicles and retails new and used Toyotas	Automotive retail and logistics company that holds 28 franchises from 20 different automotive manufacturers, including the national distribution of KTM motorcycles. Logistics operations include the warehousing and distribution of automotive parts and associated products, as well as a national refrigerated transport and, cold storage services provider.
Geographic Location	Tasmania	Brisbane, Darwin and the Newcastle/ Hunter Valley region	South Australia, Victoria and New South Wales	Australia and New Zealand
No of Dealerships	4 dealership and servicing sites.	39 branded dealership sites	30 dealerships sites	86 dealerships 22 locations and holds 28 franchises from 20 manufacturers
Forecast Revenue	\$25 million	\$1,509 million	n/a	\$2,201 million
Forecast EBIT	\$0.7 million	\$45.3 million	\$16.3 million	\$65.1 million
Forecast EBIT margin	2.9%	3.0%	n/a	3.0%
Net Assets	\$3.7 million	\$239.5 million	\$54.0 million	\$145.0 million

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### APPENDIX 3: SOURCE OF INFORMATION

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In preparing this report we have had regard to the following sources of information:

- The Heads of Agreement dated 3 July 2007.
- The Draft Explanatory Memorandum.
- Management information for each of the business units for the financial years ended 30 June 2005 and 30 June 2006, together with management information for the eleven months ended 31 May 2007 and forecast financial information to 30 June 2007.
- Statutory Financial Statements of Kelp Industries for the financial years ended 31 December 2004, 2005 and 2006.
- Shareholder Agreement between Webster and ISP Alginates dated 4 November 1999.
- Bloomberg data on guideline companies.
- Bloomberg and other publicly available information on comparable transactions.
- IBISWorld industry reports.
- Customer and supplier information.
- Management structures.

In addition, we have relied upon information and representations of both an operative and financial nature provided to us by the Senior Management of the Company.

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## APPENDIX 4: DISCLAIMER

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The report has been prepared at the request of the Independent Directors of the Company and is to be incorporated in the Explanatory Memorandum to be given to non-associated shareholders for approval of the Proposed Transaction. Accordingly, it has been prepared only for the benefit of the Independent Directors and those persons entitled to receive the Explanatory Memorandum in their assessment of the Proposed Transaction outlined in the report and should not be used for any other purpose.

The report represents solely the expression by Pitcher Partners Corporate of its opinion as to whether the Proposed Transaction is fair and reasonable. Pitcher Partners Corporate consents to this report being incorporated in the Explanatory Memorandum.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Pitcher Partners Corporate has relied upon the information provided by the Independent Directors and Senior Management of the Company. Pitcher Partners Corporate does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to the Independent Directors and Senior Management of the Company for confirmation of factual accuracy.

In preparing this report, we have had regard to forecast information in respect of the Company. This forecast information is based on assumptions as to future events and actions which management expects to take place at the date that the information is prepared. The forecasts are based on numerous assumptions and are subject to significant uncertainties and contingencies, many of which are outside the control of the Company. Accordingly, actual results during the forecast period may vary materially from the forecasts, as some events and circumstances may not occur as expected, or could not be reasonably foreseen.

Furthermore, recognising that Pitcher Partners Corporate may rely on information provided by the Company and its officers and/or associates, the Company has agreed to make no claim by it or its officers and/or associates against Pitcher Partners Corporate to recover any loss or damage which the Company, or its associates may suffer as a result of that reliance and also has agreed to indemnify Pitcher Partners Corporate against any claim arising out of this engagement, except where the claim has arisen as a result of any proven wilful misconduct or negligence by Pitcher Partners Corporate.

Pitcher Partners Corporate Pty Ltd is the wholly owned licensed corporate advisory entity of Pitcher Partners, Chartered Accountants, a chartered accounting firm providing a full range of accounting and advisory services.

The representatives of Pitcher Partners Corporate involved in the preparation of this report were Piera Murone and Matthew Pringle. Each has many years experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Neither Pitcher Partners Corporate Pty Ltd, Pitcher Partners, nor any partner or executive or employee thereof has any financial interest in the outcome of the Proposed Transaction except for a fee relating to the preparation of this report based on time spent at normal professional rates.

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APPENDIX 5: FINANCIAL SERVICES GUIDE

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## Financial Services Guide

23 July 2007

### What is a Financial Services Guide?

This Financial Services Guide ("FSG") is an important document the purpose of which is to assist you in deciding whether to use any of the general financial product advice provided by Pitcher Partners Corporate Pty Ltd. The use of "we", "us" or "our" is a reference to Pitcher Partners Corporate Pty Ltd as the holder of Australian Financial Services Licence ("AFSL") No. 229841. The contents of this FSG include:

- who we are and how we can be contacted
- what services we are authorised to provide under our AFSL
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide.
- details of any potential conflicts of interest
- details of our internal and external dispute resolution systems and how you can access them.

### Information about us

We have been engaged by Webster Limited to give general financial product advice in the form of a report to be provided to you in connection with a financial product to be issued by another party. You are not the party or parties who engaged us to prepare this report. We are not acting for any person other than the party or parties who engaged us. We are required to give you an FSG by law because our report is being provided to you. You may contact us by writing to GPO Box 5193, MELBOURNE VIC 3001, or by telephone on +61 (0) 3 8610 5000.

Pitcher Partners Corporate Pty Ltd is ultimately owned by the Victorian partnership of Pitcher Partners, a provider of audit and assurance, accounting, tax, corporate advisory, insolvency, superannuation, investment advisory and consulting services. Directors of Pitcher Partners Corporate Pty Ltd are partners of Pitcher Partners.

The Victorian partnership of Pitcher Partners is an independent partnership of Pitcher Partners. As such, neither it nor any of the other independent partnerships has any liability for each other's acts or omissions. Each of the member firms is a separate and independent legal entity operating under the name "Pitcher Partners", or other related names.

The financial product advice in our report is provided by Pitcher Partners Corporate Pty Ltd and not by the Victorian partnership of Pitcher Partners or its related entities.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, we and the Victorian partnership of Pitcher Partners (and its related bodies corporate) may from time to time provide professional services to financial product issuers in the ordinary course of business.

### What financial services are we licensed to provide?

The AFSL we hold authorises us to provide the following financial services to both retail and wholesale clients:

- to provide general financial product advice only in respect of securities, derivatives, debentures, stocks or bonds issued or proposed to be issued by a government and interests in managed investment schemes including investor directed portfolio services and deposit and payment products limited to basic deposit products and deposit products other than basic deposit products.

### Information about the general financial product advice we provide

The financial product advice provided in our report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued by another party, we recommend you obtain and read carefully the relevant Product Disclosure

Statement ("PDS") or offer document provided by the issuer of the financial product. The purpose of the PDS is to help you make an informed decision about the acquisition of a financial product. The contents of the PDS will include details such as the risks, benefits and costs of acquiring the particular financial product.

### How are we and our employees remunerated?

Our fees are usually determined on an hourly basis; however they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out-of pocket expenses incurred in providing the services.

Fee arrangements are agreed with the party or parties who actually engage us and we confirm our remuneration in a written letter of engagement to the party or parties who actually engage us.

Neither Pitcher Partners Corporate Pty Ltd nor its directors and officers, nor any related bodies corporate or associates and their directors and officers, receives any commissions or other benefits, except for the fees for services rendered to the party or parties who actually engage us. Our fee for such services are based on time spent at our professional hourly rates.

All of our employees receive a salary with partners also having an equity interest in the partnership. We do not receive any commissions or other benefits arising directly from services provided to you. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance.

We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

### What should you do if you a complaint?

If you have any concerns regarding our report, you may wish to advise us. Our internal complaint handling process is designed to respond to your concerns promptly and equitably. Please address your complaint in writing to:

The Managing Partner  
Pitcher Partners  
GPO Box 5193  
MELBOURNE VIC 3001

If you are not satisfied with the steps we have taken to resolve your complaint, you may contact the Financial Industry Complaints Service ("FICS"). FICS provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to FICS at:

Financial Industry Complaints Service  
GPO Box 579  
Collins Street West  
MELBOURNE VIC 8007  
Telephone: 1300 780 808  
Fax: +61 3 9621 2291  
Internet: <http://fics.asn.au>

The Australian Securities and Investments Commission ("ASIC") regulates Australian companies, financial markets, financial services organisations and professionals who deal and advise in investments, superannuation, insurance, deposit taking and credit. Their website contains information on lodging complaints about companies and individual persons and sets out the types of complaints handled by ASIC. You may contact ASIC as follows:

Info line: 1 300 300 630  
Email: [info@asic.gov.au](mailto:info@asic.gov.au)  
Internet: <http://www.asic.gov.au/asic/asic.nsf>

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