



Appendix 4D: Half Year Report

Half Year ended 31 December 2005

Appendix 4D Half Year Report

WEBSTER LIMITED
ACN 009 476 000

Reporting Period

Half year-ended 31 December 2005 ("current period").
Previous corresponding period, half-year ended 31 December 2004.

Results for Announcement to the Market

				Current Period (\$'000)
Revenue from Ordinary Activities	Down	52%	to	21,450
Profit/(Loss) from Ordinary Activities After Tax Attributable to Members	Up	154%	to	1,209
Net Profit/(Loss) After Tax Attributable to Members	Up	154%	to	1,209

Brief Explanation of Figures Reported Above

Please refer to the attached media release.

The results for the current reporting period includes the following items:

Reduction in revenue primarily relates to the merger of Aquatas Pty Ltd with Tassal Group Limited which is now equity accounted. The residual income associated with the divestment of apple orchard assets in the 2004 financial year also contributed to the reduced revenue.

Earnings and cash generation across the group are heavily skewed to the second half of the year. The significant increase in earnings during the first half was attributable to the profit on the sale of the Elders Webster Pty Ltd joint venture (refer to note 4).

Dividends

Dividends paid/provisioned by Webster Limited with respect to the current reporting period				
			Amount per Security (cents)	Franked Amount per Security (cents)
Ordinary Shares	Interim*		0.0	0.0
	Final	(2004/05)	2.0	2.0
Cumulative Preference Shares	Interim*		0.0	0.0
	Final	(2004/05)	4.5	4.5
*An interim cumulative preference dividend had not been declared at time this Appendix was prepared.				
Record date for determining entitlements to cumulative preference dividends				22 March 2006
Dividends paid by Webster Limited during the current reporting period				
			Date	Amount (\$'000)
Cumulative Preference Dividends			30-Sep-05	18
Ordinary Dividend			30-Oct-05	1,189
There was a dividend reinvestment plan in operation during the reporting period. This was in relation to the ordinary dividend paid.				

Net Tangible Assets per Security

	Current Period (cents)	Previous Period (cents)
Net Tangible Assets per Security	75.55	74.46

Gain or Loss of Control Over Entities

Loss of control over	n/a
Date of loss of control	n/a
Contribution to profit from ordinary activities in the current reporting period and whole of previous corresponding period	n/a
<p>During the current reporting period the following entities were dissolved or liquidated. The liquidation or dissolution of these entities will have no impact on the future financial performance of the company.</p>	
Liquidated	n/a
Dissolved	n/a

Details of Associates and Joint Venture Entities

Aggregate share of profits (losses) of associates & joint venture entities	Current Reporting Period (\$'000)	Previous Reporting Period (\$'000)
Profit (loss) from ordinary activities before tax	1,403	(650)
Income tax on ordinary activities	(14)	(12)
Profit (loss) from ordinary activities after tax	1,389	(662)
Extraordinary items net of tax	0	0
Net profit (loss)	1,389	(662)
Adjustments	0	0
Share of net profit (loss) of associates and joint venture entities	1,389	(662)

Name of Entity	Percentage ownership interest held at end of period or date of disposal		Contribution to net profit (loss) \$'000	
	Current Reporting Period	Previous Reporting Period	Current Reporting Period	Previous Reporting Period
FFT-Henderson (disposed 31/3/05)	0	50	0	(11)
Elders Webster Pty Ltd (disposed 14/9/05)	0	50	144	(353)
Tassal Group Limited	25.2	0	1,532	0
Webster Walnuts Pty Ltd	50	50	(319)	(327)
Kelp Industries Pty Ltd	50	50	32	29
			1,389	(662)

Directors' Report

The directors of Webster Limited (ACN 009 476 000) submit the following report in respect of the half-year ended 31 December 2005. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the company during or since the end of the half-year are:

R J Roberts, Executive Chairman

D W Robinson

G A Hunt (resigned 3 August 2005, appointed Alternate of C E Bright 3 August 2005)

C E Bright (appointed 3 August 2005)

R Manassen (resigned 25 October 2005)

Review of Operations

The consolidated entity recorded a profit after income tax of \$1.209 million for the half-year ended 31 December 2005. This compares with a loss of \$2.208 million for the corresponding previous half-year. The profit to 31 December 2005 contained a \$1.723 million profit on the disposal of the Elders Webster joint venture. Revenue from ordinary activities was \$21.450 million, down \$23.340 million on last year. This is predominantly associated with the merger of Aquatas Pty Ltd and Tassal Group Limited, which is now equity accounted in contrast to Aquatas Pty Ltd being part of the consolidated result in 2004. The residual income associated with the divestment of apple orchard assets in the 2004 financial year also contributed to the reduced revenue.

Webster's operating divisions' earnings and cash flows are heavily skewed toward the second half of the financial year. This is largely attributable to the harvesting and market season for horticultural produce and agricultural asset valuations of live walnuts trees which are destined for sale in the second half consistent with the planting cycle.

Webster Fresh, the horticultural division has operated consistent with our expectations in the first half. The extreme pricing pressure from northern hemisphere production oversupply has lifted and contract pricing to date is in line with budget expectations. The Industrial Services division has had a slower than expected period. The trucks and machinery business of this division has been impacted by a downturn nationally in truck sales and by the local decrease in cartage quotas within the forestry industry. The bearings & engineering supplies business has been experiencing a softer market with lower than expected spend levels from heavy industry. Corporate costs and interest expense have been constrained at less than budget projections.

Our associate investments accounted for first half profits amounting to \$1.389 million. Webster Walnuts Pty Ltd reported a loss of \$319,000, which is in line with expectations. The harvesting cycle of walnut orchards and the proceeds from nut sales will occur in the second half. Elders Webster Pty Ltd generated a profit of \$144,000 in the Webster accounts to the date of disposal. Tassal Group Limited contributed \$1.532 million of equity accounted profits for the first half. The integration of Tassal and Aquatas has delivered significant synergies, whilst improved domestic pricing and stable growing conditions have resulted in profits to Webster being in line with our expectations.

Cash flows from operations for the half-year amounted to negative \$15,000 versus positive \$171,000 in the comparative period, however adjusting for the since divested apple orchards, operating cash flows period on period are similar. The result is very encouraging given the heavy seasonality associated with the second half receipts, which is most predominantly in Webster Fresh. The funds received from the sale of Elders Webster have been used to repay external borrowings. These funds are available to the consolidated entity as required.

Independence Declaration by Auditor

The auditor's independence declaration is included on page 5 of the half-year financial report.

Rounding Off of Amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and, in accordance with that Class Order, amounts in the directors' report and the financial report have been rounded off to the nearest thousand dollars unless specifically stated to be otherwise.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'R J Roberts', with a stylized, cursive flourish extending to the right.

R J Roberts
Chairman
HOBART, 3rd March 2006

Deloitte.

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The Board of Directors
Webster Limited
120 Campbell St
HOBART TAS 7001

3 March 2006

Dear Board Members

Webster Limited

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

As lead audit partner for the review of the financial statements of Webster Limited for the half year ended 31 December 2005, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

Deloitte Touche Tohmatsu
Deloitte Touche Tohmatsu



Craig Barling
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

Liability limited by a scheme approved under Professional Standards Legislation.

Independent review report to the members of Webster Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of recognised income and expense, selected explanatory notes and the directors' declaration for the consolidated entity for the half-year ended 31 December 2005 as set out on pages 8 to 23. The consolidated entity comprises both Webster Limited (the company) and the entities it controlled at the end of the half-year or from time to time during the half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with Accounting Standards in Australia and the Corporations Act 2001. This includes responsibility for the maintenance of adequate financial records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review Approach

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001 and Accounting Standards AASB 134 "Interim Financial Reporting" and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards", so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations, its changes in equity and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

The independence declaration provided to the directors of Webster Limited on 3 March 2006 would be in the same terms if it was given to the directors on the date this review report is made out.

Deloitte.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Webster Limited is not in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 "Interim Financial Reporting" and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" and the Corporations Regulations 2001.

Deloitte Touche Tohmatsu
Deloitte Touche Tohmatsu



Craig Barling
Partner
Chartered Accountants
Hobart, 9 March 2006

Directors' Declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s. 303(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'R J Roberts', with a stylized, cursive flourish extending to the right.

R J Roberts
Chairman
HOBART, 3rd March 2006

Webster Limited

Consolidated Income Statement

For the Half-year Ended 31 December 2005

	Consolidated	
	Half-year ended 31-Dec-05 (\$'000)	Half-year ended 31-Dec-04 (\$'000)
Note		
Revenue	17,459	41,957
Cost of sales	(12,890)	(33,893)
Gross Profit	4,569	8,064
Other income	3,991	2,833
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method	1,389	(662)
Distribution expenses	(503)	(1,236)
Marketing expenses	(368)	(938)
Operational expenses	(2,615)	(3,847)
Administration expenses	(4,343)	(4,699)
Finance costs	(780)	(1,433)
Other expenses	(131)	(290)
Profit/(loss) before income tax expense	1,209	(2,208)
Income tax expense	-	-
Profit/(loss) from continuing operations	1,209	(2,208)
Profit/(loss) for the period	1,209	(2,208)
Profit/(loss) attributable to minority interest	-	-
Profit/(loss) attributable to members of the parent entity	1,209	(2,208)
 Earnings per share		
Basic (cents per share)	1.99	(4.59)
Diluted (cents per share)	1.99	(4.49)

Notes to the financial statements are included on pages 13 to 23

Webster Limited

Consolidated Balance Sheet

As at 31 December 2005

	Consolidated	
	31-Dec-05	30-Jun-05
	(\$'000)	(\$'000)
Current Assets		
Cash and cash equivalents	3,043	3,129
Trade and other receivables	6,350	11,178
Other financial assets	2,825	4,201
Inventories	11,874	9,553
Agricultural assets	3,127	2,473
Current tax assets	30	29
Total current assets	27,249	30,563
Non-Current Assets		
Trade and other receivables	124	108
Other financial assets	6	27
Investments accounted for using the equity method	34,013	32,898
Property, plant and equipment	14,114	14,687
Investment properties	1,306	1,307
Goodwill	286	286
Deferred tax assets	781	781
Total non-current assets	50,630	50,094
Total assets	77,879	80,657
Current Liabilities		
Trade and other payables	5,430	6,320
Borrowings	12,457	19,092
Provisions	1,247	1,361
Total current liabilities	19,134	26,773
Non-Current Liabilities		
Borrowings	8,297	4,354
Other financial liabilities	394	-
Deferred tax liabilities	3,586	3,586
Provisions	125	152
Total non-current liabilities	12,402	8,092
Total liabilities	31,536	34,865
Net assets	46,343	45,792
Equity		
Issued capital	38,630	38,291
Reserves	1,028	817
Retained earnings	6,685	6,684
Total equity	46,343	45,792

Notes to the financial statements are included on pages 13 to 23

Webster Limited
Consolidated Statement of Changes in Equity
For the Half-year Ended 31 December 2005

	Ordinary Shares (\$'000)	Cumulative Preference Shares (\$'000)	Asset Revaluation Reserve (\$'000)	Hedging Reserve (\$'000)	Retained Earnings (\$'000)	Total Attributable to Equity Holders of the Entity (\$'000)
Balance at 1 July 2004	27,069	394	116	-	8,609	36,188
Profit for the year	-	-	-	-	(2,208)	(2,208)
Total recognised income and expense for the year	-	-	-	-	(2,208)	(2,208)
Effect of changes in accounting policy as restated	-	-	-	-	-	-
Recognition of equity as a liability	-	-	-	-	-	-
Contribution of equity net of transaction costs	10,666	-	-	-	(54)	10,612
Equity issued under Company dividend reinvestment plan	-	-	-	-	-	-
Other	-	-	2	-	(15)	(13)
Balance at 31 December 2004	37,735	394	118	-	6,332	44,579
Balance at 1 July 2005	37,897	394	817	-	6,684	45,792
Gain/(loss) taken to equity	-	-	-	209	-	209
Profit for the year	-	-	-	-	1,209	1,209
Total recognised income and expense for the year	-	-	-	209	1,209	1,418
Effect of changes in accounting policy as restated	-	-	-	-	-	-
Recognition of equity as a liability	-	(394)	-	-	-	(394)
Contribution of equity net of transaction costs	401	-	-	-	(1,207)	(806)
Equity issued under Company dividend reinvestment plan	332	-	-	-	-	332
Other	-	-	2	-	(1)	1
Balance at 31 December 2005	38,630	-	819	209	6,685	46,343

Notes to the financial statements are included on pages 13 to 23

Webster Limited
Consolidated Cash Flow Statement
For the Half-year Ended 31 December 2005

	Consolidated	
	Half-year ended 31-Dec-05 (\$'000)	Half-year ended 31-Dec-04 (\$'000)
Cash Flows from Operating Activities		
Receipts from customers	26,118	48,264
Payments to suppliers and employees	(25,653)	(46,831)
Interest and other costs of finance paid	(480)	(1,246)
Income tax paid	-	(16)
Net cash provided by operating activities	(15)	171
Cash Flows from Investing Activities		
Payment for investments and intangibles	-	(80)
Proceeds from sale of investments and intangibles	1,998	-
Interest received	194	186
Payment for agricultural assets, property, plant and equipment	(520)	(3,366)
Proceeds from sale of agricultural assets, property, plant and equipment	992	252
Amounts advanced to related parties	-	(1,136)
Proceeds from repayment of loans to related parties	191	-
Proceeds from repayment of loans to others	231	521
Net cash provided by/(used in) investing activities	3,086	(3,623)
Cash Flows from Financing Activities		
Proceeds from the issue of equity securities	401	10,666
Proceeds from borrowings from others	458	676
Repayment of borrowings from others	(2,567)	(7,283)
Principal repayments under finance lease	(587)	(762)
Dividends paid	(862)	(54)
Other	-	(13)
Net cash provided by/(used in) financing activities	(3,157)	3,230
Net decrease in cash held	(86)	(222)
Cash at beginning of the financial year	3,129	3,001
Cash at end on the financial year	3,043	2,779

Notes to the financial statements are included on pages 13 to 23

Webster Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2005

1 Summary of Significant Accounting Policies

Basis of preparation

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year financial report does not include notes of the type normally included in an annual report and should be read in conjunction with the 30 June 2005 Annual Financial Report.

Webster Limited changed its accounting policies on 1 July 2005 to comply with Australian equivalents to International Financial Reporting Standards (A-IFRS). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, with 1 July 2004 as the date of transition. An explanation of how the transition from superseded policies to A-IFRS has affected the consolidated entity's financial position, financial performance and cash flows is discussed in note 7.

The accounting policies set out below and in note 7 have been applied in preparing the financial statements for the half-year ended 31 December 2005, the comparative information presented in these financial statements (as disclosed in note 7), and in the preparation of the opening A-IFRS Balance sheet at 1 July 2004, Webster Limited's date of transition, except for accounting policies in respect of financial instruments. The consolidated entity has not restated comparative information for financial instruments, including derivatives, as permitted under the first-time adoption transitional provisions. The accounting policies for financial instruments applicable to the comparative information are consistent with those adopted and disclosed in the lodged 2005 annual financial report. The impact of the changes in these accounting policies on 1 July 2005, the date of transition for financial instruments, is discussed further in note 1(22).

Seasonal operations

Webster Limited operates seasonal businesses which result in lower revenues and profits during the first half of the financial year.

Significant accounting policies

(1) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being Webster Limited (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 Consolidated and Separate Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceeds cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company cease to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(2) Revenue recognition

Sale of goods - Revenue from the sale of goods and disposal of other assets is recognised when the consolidated entity has passed control of the goods or other assets to the buyer except with respect to agricultural assets (see note 1 (3)).

Rendering of services - Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

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

Dividend and interest revenue - Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(3) Agricultural Assets

Agricultural assets are valued at net market value. Net market value is the amount which could be expected to be received from the disposal of the asset in an active and liquid market after deducting costs associated with enhancement and/or costs expected to be incurred in realising the proceeds of such disposal. The net increment/(decrement) in the net market value of agricultural assets is recognised as revenue/(expense) in the financial year. Where an active and liquid market is not available, historical cost is used as an estimate of net market value.

(4) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any differences between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

Webster Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2005

1 Summary of Significant Accounting Policies (Continued)

(5) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(6) Employee benefits

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

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

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

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

(7) Derivative Financial Instruments

The directors of Webster Limited elected to apply the first-time adoption exemption to defer the requirements of AASB 139 in relation to hedge accounting until 1 July 2005. On the 1 July 2005, hedge accounting was adopted, and derivatives are initially recognised at fair value on the date a derivative contract is entered in to and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit immediately, unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit and loss depends on the nature of the hedge relationship. Webster Limited designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges) or hedges of highly probable forecast transactions (cash flow hedges).

The effectiveness of hedging relationships are assessed from 1 July 2005; no adjustment is made in relation to hedges under superseded policies which were not highly effective before 1 July 2005.

Cash flow hedge - The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit and loss. Amounts deferred in equity are recycled in profit and loss in the period when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Derivatives that do not qualify for hedge accounting - certain derivative instruments do not qualify for hedge accounting.

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

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

(8) Financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

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

Financial assets at fair value through profit or loss - The company has classified certain shares and options as financial assets at fair value through profit or loss. Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss. Fair value is determined in the manner described below.

Held-to-maturity investments - Bills of exchange and debentures are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

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

Loans and receivables - Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

Webster Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2005

1 Summary of Significant Accounting Policies (Continued)

(8) Financial assets - continued

Fair value of financial assets - The fair values of financial assets are determined as follows:

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

(9) Financial instruments issued by the company

Debt and equity instruments - debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Compound instruments - the component parts of compound instruments are classified separately as liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible debt. The equity component initially brought to account is determined by deducting the amount of the liability component from the amount of the compound instrument as a whole.

Interest and dividends - interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

(10) Foreign currency

Foreign currency transactions - All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

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

- * exchange differences which relate to assets under construction for future productive use are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings; and
- * exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer note 1(7));
- * exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

(11) Goods and services tax

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

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

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

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

(12) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. Refer also note 1(13).

(13) Impairment of assets

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

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

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

Webster Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2005

1 Summary of Significant Accounting Policies (Continued)

(13) Impairment of assets - continued

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

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

(14) Income tax

Current tax - Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Adjustments are made for transactions and events occurring within the group that do not give rise to a tax consequence for the group or that have a different tax consequence at the level of the group.

Deferred tax - Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. Adjustments are made for transactions and events occurring within the group that do not give rise to a tax consequence for the group or that have a different tax consequence at the level of the group.

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

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

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

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

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

(15) Intangibles

Intangible assets acquired in a business combination - All potential intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

(16) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(17) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

Webster Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2005

1 Summary of Significant Accounting Policies (Continued)

(18) Leased assets

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

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

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

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

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

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

(19) Payables

Trade payables and other accounts payable are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

(20) Property, plant and equipment

Land and buildings are measured at fair value. Fair value is determined on the basis of an annual independent valuation prepared by external valuation experts, based on discounted cash flows or capitalisation of net income (as appropriate). The fair values are recognised in the financial statements of the company, and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

Any revaluation increase arising on the revaluation of land and buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

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

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

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

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

(21) Provisions

Provisions are recognised when the company has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

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

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

Webster Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2005

1 Summary of Significant Accounting Policies (Continued)

(22) Comparative information financial instruments

Webster Limited has elected not to restate comparative information for financial instruments within the scope of Accounting Standards AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement, as permitted on the first-time adoption of A-IFRS. The effect of the changes in accounting policies for financial instruments on the balance sheet as at 1 July 2005 is shown below as an extract:

	Note	30-Jun-05 (\$'000)	Effect of Adoption (\$'000)	1-Jul-05 (\$'000)
Non-Current Liabilities				
Interest-bearing liabilities		4,354	-	4,354
Other financial liabilities	I	-	394	394
Deferred tax liabilities		3,586	-	3,586
Provisions		152	-	152
Total non-current liabilities		8,092	394	8,486
Total liabilities		34,865	394	35,259
Net assets		45,792		45,398
Equity				
Contributed equity		38,291	(394)	37,897
Reserves		817		817
Retained profits		6,684		6,684
Total equity		45,792	(394)	45,398

The following transitional provisions have an effect on future periods:

(1) the effectiveness of hedging relationships are assessed from 1 July 2005, no adjustment is made in relation to hedges under the superseded policies which were not highly effective before 1 July 2005.

The main adjustments necessary that would make the comparative financial statements comply with AASB 132 and AASB 139 are listed below. Similar adjustments were made at 1 July 2005 to restate the opening financial position of the consolidated entity to a position consistent with the accounting policies specified in note 1:

- (1) the transfer of deferred hedging gains or losses recognised as assets and liabilities arising from cash flow hedge of a forecast transaction to the hedging reserve.
- (2) the deferral in equity of the effective portion of the movement in fair value of derivatives accounted for as cash flow hedges.
- (3) the recognition in profit or loss of the ineffective portion of the movements in fair value of hedging instruments accounted for as a cash flow hedge.
- (4) the recognition of any current or deferred taxes in relation to the adjustments described above.

2 Dividends

Note	2005		2004		
	Cents per share	Total (\$'000)	Cents per share	Total (\$'000)	
	Recognised Amounts (i)				
	<u>9% Cumulative Preference Shares</u>				
	Final dividend - 2004/05 (franked to 30%)	4.5	18	4.5	18
	<u>4% Converting Preference Shares</u>				
	Interim dividend - 2005/06 (franked to 30%)	-	-	1.2	36
	<u>Ordinary Share</u>				
	Final dividend - 2004/05 (franked to 30%)	2.0	1,189	-	-
		<u>1,207</u>		<u>54</u>	

(i) For the half-year ended 31 December 2005 recognised amounts includes dividends paid or provisioned during the half-year.

Webster Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2005

3 Contingent Liabilities and Assets

There have been no changes in contingent liabilities or assets since the last annual report, with exception to the amounts written back under A-IFRS as disclosed in note 7.

4 Significant Transactions & Subsequent Events

Significant transactions which occurred during the half-year include:

On 16th September Webster announced to the ASX that it had elected to sell its 50% interest in joint venture company Elders Webster Pty Ltd to Elders Limited. The decision to exit the joint venture is consistent with the strategic direction to unlock capital to further growth within existing operations. This transaction resulted in a \$1.7M profit on sale to the consolidated entity. The proceeds were used to reduce borrowings. These funds are available to the consolidated entity as required.

There were no significant transactions which occurred after the half-year end.

5 Segment Information

	Industry Services		Horticulture		Aquaculture		TOTAL	
	2005	2004	2005	2004	2005	2004	2005	2004
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Revenues								
External sales	16,358	23,916	1,030	2,303	-	15,738	17,388	41,957
Internal sales	72	167	-	-	-	5	72	172
Other revenue	179	417	1,293	1,480	-	204	1,472	2,101
Segment total	16,609	24,500	2,323	3,783	-	15,947	18,932	44,230
Unallocated/Consolidation Adj							2,518	779
Total							21,450	45,009
Results								
Segment result	(81)	283	(1,022)	(1,277)	1,531	1,202	428	208
Finance Costs							(780)	(1,433)
Unallocated							1,561	(983)
Profit/(loss) from ordinary activities before income tax							1,209	(2,208)
Income tax (expense)/benefit							-	-
Net profit/(loss)							1,209	(2,208)

6 Issuances of Securities

During the half-year reporting period, Webster Limited issued 667,500 ordinary shares for \$401 thousand (2004: 869,500) on exercise of 667,500 share options issued under the Supplementary Prospectus. Webster Limited issued 444,099 ordinary shares (2004: nil) under the company's dividend reinvestment plan. These shares had a fair value at issue date of 74.76 cents per share (2004: nil).

Webster Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2005

7 Impacts of the adoption of Australian equivalents to International Financial Reporting Standards

Webster Limited changed its accounting policies on 1 July 2005 to comply with A-IFRS. The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, with 1 July 2004 as the date of transition, except for financial instruments, including derivatives, where the date of transition is 1 July 2005.

An explanation of how the transition from superseded policies to A-IFRS has affected Webster Limited's financial position, financial performance and cash flows is set out in the following tables and the notes accompanying the tables.

Effect of A-IFRS on the balance sheet as at 1 July 2004

	Note	AGAAP Actual*	Consolidated A-IFRS Impact 1 July 2004	A-IFRS
		(\$'000)	(\$'000)	(\$'000)
Current Assets				
Cash assets		2,991	-	2,991
Receivables	b	21,484	(64)	21,420
Other financial assets		3,582	-	3,582
Inventories		16,300	-	16,300
SGARAs		12,079	-	12,079
Current tax assets		72	-	72
Total current assets		56,508	(64)	56,444
Non-Current Assets				
Cash assets		10	-	10
Receivables		108	-	108
Other financial assets		1,550	-	1,550
Investments accounted for using the equity method		6,465	-	6,465
Property, plant and equipment	d,e	26,686	(1,602)	25,084
Investment properties	d	-	1,660	1,660
SGARAs	d	58	(58)	-
Marine leases		893	-	893
Intangibles		286	-	286
Deferred tax assets		848	-	848
Total non-current assets		36,904	-	36,904
Total assets		93,412	(64)	93,348
Current Liabilities				
Payables		15,256	-	15,256
Interest-bearing liabilities		16,870	-	16,870
Current tax liabilities		21	-	21
Provisions		1,748	-	1,748
Total current liabilities		33,895	-	33,895
Non-Current Liabilities				
Interest-bearing liabilities		22,227	-	22,227
Other financial liabilities		698	-	698
Deferred tax liabilities	g	-	-	-
Provisions		340	-	340
Total non-current liabilities		23,265	-	23,265
Total liabilities		57,160	-	57,160
Net assets		36,252	(64)	36,188
Equity				
Contributed equity		27,463	-	27,463
Reserves	d	3,729	(3,613)	116
Retained profits	h	5,060	3,549	8,609
Total equity		36,252	(64)	36,188

* Reported financial position for the financial year ended 30 June 2004

Webster Limited
Notes to the Financial Statements
For the Half Year Ended 31 December 2005

7 Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (continued)

Effect of A-IFRS on the balance sheet as at 31 December 2004 and 30 June 2005

Note	Consolidated 31 December 2004			Consolidated 30 June 2005		
	AGAAP Actual* (\$'000)	A-IFRS Impact (\$'000)	A-IFRS Pro Forma (\$'000)	AGAAP Actual* (\$'000)	A-IFRS Impact (\$'000)	A-IFRS Pro Forma (\$'000)
Current Assets						
Cash assets	2,771	-	2,771	3,129	-	3,129
Receivables	b 15,104	(79)	15,025	11,229	(51)	11,178
Other financial assets	3,282	-	3,282	4,201	-	4,201
Inventories	16,405	-	16,405	9,553	-	9,553
SGARAs	13,988	-	13,988	2,473	-	2,473
Current tax assets	67	-	67	29	-	29
Total current assets	51,617	(79)	51,538	30,614	(51)	30,563
Non-Current Assets						
Cash assets	8	-	8	-	-	-
Receivables	108	-	108	108	-	108
Other financial assets	1,359	-	1,359	27	-	27
Investments accounted for using the equity method	c 5,822	-	5,822	36,779	(3,881)	32,898
Property, plant and equipment	d,e 28,723	(1,566)	27,157	15,936	(1,249)	14,687
Investment properties	d -	1,624	1,624	-	1,307	1,307
SGARAs	d 58	(58)	-	58	(58)	-
Marine leases	858	-	858	-	-	-
Intangibles	f 250	36	286	214	72	286
Deferred tax assets	845	-	845	781	-	781
Total non-current assets	38,031	36	38,067	53,903	(3,809)	50,094
Total assets	89,648	(43)	89,605	84,517	(3,860)	80,657
Current Liabilities						
Payables	11,049	-	11,049	6,320	-	6,320
Interest-bearing liabilities	14,610	-	14,610	19,092	-	19,092
Provisions	1,532	-	1,532	1,361	-	1,361
Total current liabilities	27,191	-	27,191	26,773	-	26,773
Non-Current Liabilities						
Interest-bearing liabilities	16,869	-	16,869	4,354	-	4,354
Deferred tax liabilities	g 698	-	698	3,856	(270)	3,586
Provisions	268	-	268	152	-	152
Total non-current liabilities	17,835	-	17,835	8,362	(270)	8,092
Total liabilities	45,026	-	45,026	35,135	(270)	34,865
Net assets	44,622	(43)	44,579	49,382	(3,590)	45,792
Equity						
Contributed equity	38,129	-	38,129	38,291	-	38,291
Reserves	d 3,731	(3,613)	118	3,584	(2,767)	817
Retained profits	h 2,762	3,570	6,332	7,507	(823)	6,684
Total equity	44,622	(43)	44,579	49,382	(3,590)	45,792

* Reported financial position under previous Australian GAAP.

Webster Limited
Notes to the Financial Statements
For the Half Year Ended 31 December 2005

7 Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (continued)

Effect of A-IFRS on the income statement for the half-year ended 31 December 2004 and the financial year ended 30 June 2005

Note	Consolidated			Consolidated			
	AGAAP Actual*	A-IFRS Impact	A-IFRS	AGAAP Actual*	A-IFRS Impact	A-IFRS	
	Half-year ended 31 December 2004			Financial year ended 30 June 2005			
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	
Revenue	41,957	-	41,957	94,675	-	94,675	
Cost of sales	(33,893)	-	(33,893)	(70,706)	-	(70,706)	
Gross Profit	8,064	-	8,064	23,969	-	23,969	
Other income	a,c	3,052	(219)	2,833	36,914	(24,752)	12,162
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method		(662)	-	(662)	(751)	-	(751)
Distribution expenses		(1,236)	-	(1,236)	(11,123)	-	(11,123)
Marketing expenses		(938)	-	(938)	(1,593)	-	(1,593)
Operational expenses	a,f	(4,954)	255	(4,699)	(11,091)	20,943	9,852
Administration expenses		(3,847)	-	(3,847)	(7,018)	-	(7,018)
Finance costs		(1,433)	-	(1,433)	(2,662)	-	(2,662)
Other expenses		(290)	-	(290)	(20,427)	-	(20,427)
Profit before income tax expense		(2,244)	36	(2,208)	6,218	(3,809)	2,409
Income tax expense		-	-	-	(4,184)	1,202	(2,982)
Profit from Continuing operations		(2,244)	36	(2,208)	2,034	(2,607)	(573)
Profit from discontinuing operations		-	-	-	-	-	-
Profit for the period		(2,244)	36	(2,208)	2,034	(2,607)	(573)
Profit attributable to members of the parent entity		(2,244)	36	(2,208)	2,034	(2,607)	(573)

* Reported financial results under previous Australian GAAP.

Effect of A-IFRS on the cash flow statement for the financial year ended 30 June 2005

There are no material differences between the cash flow statement presented under A-IFRS and the cash flow statement presented under superseded policies.

The following explanatory notes relate to the proforma financial statements above and describe, for significant items, the difference between the accounting policies under A-IFRS and the current treatment of those items under AGAAP:

(a) Revenue from Ordinary Activities

Although not impacting on the net profit of the company and the consolidated entity, the adoption of A-IFRS has resulted in a number of transactions being recorded on a "net" rather than a "gross" basis. At transition, this resulted in a change of \$20,871 thousand and for the half-year ended 31 December 2004 this resulted in a change of \$219 thousand. In addition, the adoption of A-IFRS results in the reclassification of proceeds from sale of non-current assets from "revenue from ordinary activities" to other income and expense items in the income statement.

(b) Receivables

Under A-IFRS the entity has chosen to write back an amount of \$64 thousand on transition, \$79 thousand for the half-year ended 31 December 2004 and \$51 thousand for the financial year ended 30 June 2005, in relation to contingent assets that do not meet the definition of "virtually certain". These amounts are considered probable which was sufficient for recognition under the superseded standard.

(c) Investments in Associates

During the financial year ended 30 June 2005, Webster Limited merged its wholly owned subsidiary, Aquatas Pty Ltd (Aquatas) with Tassal Group Limited (Tassal). In exchange Webster received shares representing a 25% ownership interest in Tassal and, accordingly, in accordance with equity accounting a portion of the gain on disposal is deferred.

Webster Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2005

7 Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (continued)

(d) Investment Properties

Webster Limited transferred land and buildings to the value of \$1,663 thousand from property, plant and equipment to investment properties at the date of transition. The fair value of the buildings were deemed to be their cost at that date. Cumulative revaluation increments of \$3,613 thousand for the 1 July 2004 and the half-year ended 31 December 2004 and \$2,767 thousand for the financial year ended 30 June 2005, associated with prior revaluations of the properties were transferred from the asset revaluation reserve to retained earnings.

(e) Property, Plant and Equipment

On initial adoption of A-IFRS the directors have elected to deem the fair values of plant and equipment at 1 July 2004 to be cost for accounting purposes, as permitted by the first-time adoption provisions in AASB 1. The adoption of this requirement has not resulted in any change to the carrying value of plant and equipment at the time of transition.

(f) Intangible Assets - goodwill

The consolidated entity has elected not to restate business combinations that occurred prior to the date of transition to A-IFRS, and accordingly, the carrying amount of goodwill at the date of transition has not changed.

However, goodwill, which was amortised under superseded policies, is not amortised under A-IFRS from the date of transition. The effect of the change is an increase in the carrying amount of goodwill by \$36 thousand and an increase in net profit before tax of \$36 thousand for the half-year ended 31 December 2004 and by \$72 thousand for the financial year ended 30 June 2005. There is no tax effect as deferred taxes are not recognised for temporary differences arising from goodwill for which amortisation is not deductible for tax purposes.

(g) Income Tax

Under superseded policies, the consolidated entity adopted tax-effect accounting principles whereby income tax expense was calculated on pre-tax accounting profits after adjustments for permanent differences. The tax-effect of timing differences, which occur when items are included or allowed for income tax purposes in a different period to that for accounting were recognised at current taxation rates as deferred tax assets and liabilities, as applicable.

Increases in deferred income tax liabilities have arisen as a consequence of the recognition of deferred taxes associated with revaluations of land and buildings. The cumulative impact on the financial position at 30 June 2005 was an increase in deferred tax liability of \$894 thousand. The impact on the profit and loss for the financial year ended 30 June 2005 was a decrease in tax expense of \$38 thousand.

A decrease in deferred income tax liabilities has arisen as a consequence of the cost base write down outlined in note 7(c). The impact on the financial position at 30 June 2005 was a decrease in deferred tax liability of \$1,164 thousand. The impact on the profit and loss for the financial year ended 30 June 2005 was a decrease in tax expense of \$1,164 thousand.

The adoption of A-IFRS in relation to investments in subsidiaries and associates has also given rise to an additional deferred tax asset of \$2,392 thousand and deferred tax liability of \$276 thousand upon consolidation at 30 June 2005. However, by applying the recognition criteria and exceptions under AASB 112, the disclosure of these balances will be by way of note only. On this basis there was no impact on the financial position at 30 June 2005 or the profit and loss for the financial year ended 30 June 2005.

(h) Retained Profits

Adjustments required on first-time adoption of A-IFRS are recognised directly in retained profits at the date of transition to A-IFRS. The cumulative effect of these adjustments for the consolidated entity was an increase in retained earnings of \$3,549 thousand on transition, \$3,570 thousand for the half-year ended 31 December 2004 and a decrease of \$823 thousand for the financial year ended 30 June 2005.

(i) Cumulative preference shares

On the 1 July 2005, the directors of Webster Limited adopted the requirements of AASB 132 in relation to cumulative preference shares. The adoption has resulted in the recognition of a liability for cumulative preference shares of \$394 thousand, previously recognised in equity. There has been a corresponding decrease in equity.