

## Appendix 4E: Preliminary Final Report

Financial Year Ended 30 June 2007



# WEBSTER

*World class agribusiness - in our own backyard*

It is recommended that this Preliminary Final Report is read in conjunction with the Annual Report for Webster Limited for the Financial Year ended 30 June 2006, the December 2006 Half-Year Report and any public announcements made by Webster Ltd and its controlled entities during the year ended 30 June 2007 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

# Appendix 4E: Preliminary Final Report

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## Commentary on Results for the Year

Webster Ltd is pleased to announce a significant increase in underlying profit, before income tax and before significant items of \$10.607 million for 2007. This compares with an equivalent profit for 2006 of \$3.774 million.

As previously foreshadowed, Directors have also taken to account non-operating charges of \$6.243 million, comprising \$5.443 million of walnut and industrial asset write-downs and provision for the retirement payment to the Executive Chairman of \$800,000. After allowing for these adjustments Webster reports a profit after income tax of \$2.305 million. Total sales revenue for continuing and discontinued operations rose during the financial year by 14% to \$79.682 million, predominantly due to improved revenue streams from the Webster Walnuts division.

The company's vegetable operation, Webster Fresh, reported a solid result for the year, reporting a \$2.799 million EBIT. This compares with \$1.902 million in 2006. Whilst growing conditions were very dry and volume was down on expectation, the quality of the product and an increased demand in Northern Europe resulted in an above budget sales price per tonne. The introduction of profit share grower contracts in 2007 has continued into the 2008 season and will continue to reduce volatility in earnings in the future.

2007 was also a successful year for the Webster Walnuts division, which delivered an EBIT profit of \$4.885 million, before non-operating items, up from \$1.465 million in 2006. The division completed the preparation of an 800 hectare walnut orchard development in the Riverina district of New South Wales during the year, increasing the area under management in this region to 1,600 hectares. In addition to the orchard development, revenue streams were generated from the management of the 550 hectares developed in 2006. The 540-hectare orchard on Tasmania's east coast, owned by associate Webster Walnuts Pty Ltd, had a disappointing year after being affected by severe frosts in late spring. Whilst the 2007 yield was below expectation, an improvement is expected in 2008 with frost mitigation strategies now in place. Webster reported an equity accounted loss of \$0.570 million for the year from this associate.

Webster Industry Services, comprising a Trucks & Machinery business and Bearings & Engineering Supplies business reported a combined \$0.197 million EBIT profit. Whilst performance of the Truck & Machinery business was below expectation for the full year, the business performed satisfactorily in the second half of the year, with an improvement in the number of truck units sold. The Bearings & Engineering Supplies business continues to struggle with revenue and profit margins being well below expectation. Intense competition and continued lower spend levels from heavy industry impacted the result negatively.

Webster's 28.21% interest in listed salmon business Tassal Group Limited generated a strong full year result. The equity accounted profit for the year amounted to approximately \$5.629 million, in comparison to \$2.662 million in 2006. Tassal marine operations management has been able to extract value through efficient fish growth and processing and is becoming more globally cost competitive. The result being significant year-on-year earnings growth. During the year Webster increased its interest in Tassal Group Limited marginally through participation in the dividend reinvestment plan and a small on-market acquisition.

Consistent with prior years, Webster continues to focus on cash generation and debt reduction. Operating cash flows were \$8.401 million during 2007. These funds were used for debt reduction, which amounted to \$3.710 million; interim and final dividend payments of \$1.554 million; and net investing activities of \$2.331 million. Finance costs continued to decrease during 2007 and gearing levels fell from 34% to 21% at year-end. The company is well positioned for growth in future years through acquisition in the aquaculture and horticulture segments.

The Directors have declared a final dividend of 4.5 cents per share, payable on 31 October 2007. The dividend will be franked to 5.15% at the 30% corporate income tax rate. The record date for determining entitlement to the dividend is 9 October 2007. A dividend reinvestment plan will be offered to all shareholders.

Webster plans to hold its annual general meeting on 7th November 2007 in Hobart.

For enquiries please contact:

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## Appendix 4E Preliminary Final Report

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

### Reporting Period

Financial year ended 30 June 2007 ("current period")  
Previous corresponding period, financial year ended 30 June 2006.

### Results for Announcement to the Market

				(\$'000) Current Period
Revenue from Ordinary Activities	Up	26%	to	45,900
Profit/(Loss) from Ordinary Activities After Tax Attributable to Members	Down	56%	to	2,305
Net Profit/(Loss) After Tax Attributable to Members	Down	56%	to	2,305
Net Profit/(Loss) After Tax Attributable to Members, excluding significant transactions	Up	143%	to	8,548
<b>Dividends</b>				
				<b>Franked</b>
			<b>Amount per Security</b>	<b>Amount per Security</b>
			(cents)	(cents)
Final dividend on Cumulative Preference Shares (payable 30/9/07)			4.5	4.5
Final dividend on Ordinary Shares (payable 31/10/07)			4.5	0.2
Record date for determining entitlements to Cumulative Preference Dividend				20-Sep-07
Record date for determining entitlements to Ordinary Share Dividend				9-Oct-07

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

Please refer to the commentary contained on page 2 of this Appendix.

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

The increase in revenue from operating activities primarily relates to improved revenue streams from the Webster Walnuts operating division. This improvement is through both orchard management income in the Riverina district of NSW and a larger walnut orchard development undertaken in the 2007 financial year in comparison to 2006.

The net profit after tax attributable to members in the 2007 financial year is 56% lower than the 2006 year due to \$6.243 million of significant transactions in 2007. The significant transactions include the following:

- 1) Loss on disposal of discontinued operations of \$2.943 million. The discontinued operations include the industry services businesses (comprising Webster Trucks & Machinery and Webster Bearings & Engineering Supplies) and the company's 50% interest in Kelp Industries Pty Ltd.
- 2) Impairment of walnut assets and walnut associate - \$2.5 million.
- 3) Termination package in respect to the Chief Executive Officer - \$0.8 million.

The net profit after tax excluding the significant transactions is up 143% on the prior year due to improved operating performance in the Webster Fresh and Webster Walnuts operations and a significant improvement in equity accounted profit from Tassal Group Limited.

## Dividends

Dividends paid by Webster Limited during the current reporting period

		Payment Date	Amount (\$'000)	Amount Per Security of foreign sourced dividend
Cumulative Preference Dividends	Final	30-Sep-06	18	0 cents
	Interim	31-Mar-07	18	0 cents
Ordinary Dividends	Final	31-Oct-06	1826	0 cents
	Interim	30-Apr-07	619	0 cents

All dividends are fully franked at the 30% tax rate.

## Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan (DRP) is applicable to the Final and Interim Dividend of Fully Paid Ordinary Shares (ASX code WBA). The discount rate is 5%. The issue price is based on the weighed average sale price per share of shares traded in the 5 business days last before, but not including the Record Date.

## Net Tangible Assets per Security

	Current Reporting Period (cents)	Previous Reporting Period (cents)
Net Tangible Assets per Security	84.46	82.32

## Gain or Loss of Control Over Entities

(a) Loss of control over	Nil
Date of loss of control	NA
Contribution to profit from ordinary activities in the current reporting period and whole of previous corresponding period	NA
(b) 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.	
Liquidated	Nil
Dissolved	Australian Walnut Properties Limited Tasmanian Trading Company Limited

## Annual Meeting

The annual meeting will be held as follows:  
 Place: Hotel Grand Chancellor, 1 Davey Street Hobart  
 Date: Wednesday 7 November 2007  
 Time: 10:30 a.m.

Approximate date Annual Report will be available: 30 September 2007

# Webster Limited

## Consolidated Income Statement

For the financial year ended 30 June 2007

		<b>Consolidated</b>	
	<b>Note</b>	<b>2007</b> (\$'000)	<b>2006</b> (\$'000)
Revenue	2(a)	45,900	36,566
Cost of sales	2(c)	(21,157)	(18,834)
<b>Gross Profit</b>		<u>24,743</u>	<u>17,732</u>
Other income	2(b)	1,875	2,702
Share of net profits of associates and joint ventures accounted for using the equity method	3	5,059	2,200
Distribution expenses		(8,665)	(8,803)
Marketing expenses		(778)	(737)
Operational expenses		(7,223)	(4,739)
Administration expenses		(2,928)	(2,755)
Finance costs	2(c)	(1,315)	(1,523)
Other expenses		(161)	(303)
<b>Profit/(loss) before significant items and before income tax expense</b>		<u>10,607</u>	<u>3,774</u>
Non-recurring profit on disposal of investment		-	1,713
Impairment loss on associate		(2,000)	-
Impairment of walnut assets		(500)	-
Termination package		(800)	-
<b>Profit/(loss) after significant items and before income tax expense</b>		<u>7,307</u>	<u>5,487</u>
Income tax (expense)/income		(1,872)	161
<b>Profit/(loss) from continuing operations</b>		<u>5,435</u>	<u>5,648</u>
Loss from discontinued operations	10	(3,130)	(414)
<b>Profit/(loss) for the period</b>		<u>2,305</u>	<u>5,234</u>
<b>Profit/(loss) attributable to members of the parent entity</b>		<u>2,305</u>	<u>5,234</u>
 <b>Earnings per share for continuing and discontinued operations</b>			
Basic (cents per share)	6	3.74	8.69
Diluted (cents per share)	6	3.74	8.69
 <b>Earnings per share from continuing operations</b>			
Basic (cents per share)	6	8.83	9.38
Diluted (cents per share)	6	8.83	9.38

Notes to the preliminary final report are included on pages 9 to 20.

# Webster Limited

## Consolidated Balance Sheet

As at 30 June 2007

	Note	Consolidated 2007 (\$'000)	2006 (\$'000)
<b>Current Assets</b>			
Cash and cash equivalents	8(a)	4,285	3,477
Trade and other receivables		18,231	17,137
Other financial assets		4,207	2,339
Inventories		1,823	9,546
Other assets		506	325
Agricultural assets		299	1,194
		<u>29,351</u>	<u>34,018</u>
Assets classified as held for sale		9,136	-
<b>Total current assets</b>		<b><u>38,487</u></b>	<b><u>34,018</u></b>
<b>Non-Current Assets</b>			
Other financial assets		13	15
Investments accounted for using the equity method	3	42,106	37,585
Property, plant and equipment		9,247	11,895
Investment property		1,050	1,058
Goodwill		286	286
		<u>52,702</u>	<u>50,839</u>
<b>Total non-current assets</b>		<b><u>52,702</u></b>	<b><u>50,839</u></b>
<b>Total assets</b>		<b><u>91,189</u></b>	<b><u>84,857</u></b>
<b>Current Liabilities</b>			
Trade and other payables		13,262	10,104
Borrowings		12,437	16,989
Other financial liabilities		12	62
Provisions		499	1,408
		<u>26,210</u>	<u>28,563</u>
Liabilities directly associated with assets classified as held for sale		5,205	-
<b>Total current liabilities</b>		<b><u>31,415</u></b>	<b><u>28,563</u></b>
<b>Non-Current Liabilities</b>			
Borrowings		2,857	3,435
Deferred tax liabilities		4,038	2,345
Provisions		133	138
		<u>7,028</u>	<u>5,918</u>
<b>Total non-current liabilities</b>		<b><u>7,028</u></b>	<b><u>5,918</u></b>
<b>Total liabilities</b>		<b><u>38,443</u></b>	<b><u>34,481</u></b>
<b>Net assets</b>		<b><u>52,746</u></b>	<b><u>50,376</u></b>
<b>Equity</b>			
Issued capital	4	39,819	38,798
Reserves		2,288	799
Retained earnings	5	10,639	10,779
<b>Total equity</b>		<b><u>52,746</u></b>	<b><u>50,376</u></b>

Notes to the preliminary final report are included on pages 9 to 20.

**Webster Limited**  
**Consolidated Statement of Changes in Equity**  
For the Financial Year Ended 30 June 2007

<b>Consolidated</b>	<b>Ordinary Shares</b> (\$'000)	<b>Cumulative Preference Shares</b> (\$'000)	<b>General Reserve 1</b> (\$'000)	<b>Asset Revaluation Reserve 2</b> (\$'000)	<b>Hedging Reserve 3</b> (\$'000)	<b>Retained Earnings</b> (\$'000)	<b>Total Attributable to Equity Holders of the Entity</b> (\$'000)
<b>Balance at 1 July 2005</b>	<b>37,897</b>	<b>394</b>	-	<b>817</b>	-	<b>6,734</b>	<b>45,842</b>
Gain/(loss) taken to equity	-	-	-	-	(20)	-	(20)
Profit for the year	-	-	-	-	-	5,234	5,234
Total recognised income and expense for the year	-	-	-	-	(20)	5,234	5,214
Effect of changes in accounting policy as restated:							
Recognition of equity as a liability	-	(394)	-	-	-	-	(394)
Contribution of equity net of transaction costs	569	-	-	-	-	-	569
Equity issued under Company dividend reinvestment plan	332	-	-	-	-	-	332
Dividends paid or provided for	-	-	-	-	-	(1,189)	(1,189)
Rounding adjustment	-	-	-	2	-	-	2
<b>Balance at 30 June 2006</b>	<b>38,798</b>	-	-	<b>819</b>	<b>(20)</b>	<b>10,779</b>	<b>50,376</b>
<b>Balance at 1 July 2006</b>	<b>38,798</b>	-	-	<b>819</b>	<b>(20)</b>	<b>10,779</b>	<b>50,376</b>
Gain/(loss) taken to equity	-	-	-	-	59	-	59
Profit for the year	-	-	-	-	-	2,305	2,305
Total recognised income and expense for the year	-	-	-	-	59	2,305	2,364
Effect of changes in accounting policy as restated:							
Recognition of equity as a liability	-	-	-	-	-	-	-
Contribution of equity net of transaction costs	-	-	-	-	-	-	-
Equity issued under Company dividend reinvestment plan	1,021	-	-	-	-	-	1,021
Share of associates reserves	-	-	120	1,310	-	-	1,430
Dividends paid or provided for	-	-	-	-	-	(2,445)	(2,445)
Rounding adjustment	-	-	-	-	-	-	-
<b>Balance at 30 June 2007</b>	<b>39,819</b>	-	<b>120</b>	<b>2,129</b>	<b>39</b>	<b>10,639</b>	<b>52,746</b>

1. This reserve captures the movement in reserves of associates including their share based payments reserve and hedging reserve, but excluding the asset revaluation reserve.

2. Balance relates to the movement in share of Associates' asset revaluation reserves.

3. The hedging reserve represents hedging gains or losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

Notes to the preliminary final report are included on pages 9 to 20.

# Webster Limited

## Consolidated Statement of Cash Flows

For the Financial Year Ended 30 June 2007

	Note	Consolidated 2007 (\$'000)	2006 (\$'000)
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		83,205	71,704
Payments to suppliers and employees		(73,794)	(68,205)
Interest and other costs of finance paid		(1,010)	(1,078)
Income tax refunded		-	29
<b>Net cash provided by/(used in) operating activities</b>	8(g)	<b>8,401</b>	<b>2,450</b>
<b>Cash Flows from Investing Activities</b>			
Payment for investment securities		(237)	(3,475)
Proceeds from sale of investments		-	1,998
Interest received		476	457
Dividends and partnership distributions received		90	799
Payment for agricultural assets, property, plant and equipment		(1,350)	(1,578)
Proceeds from sale of agricultural assets, property, plant and equipment		495	3,004
Amounts advanced to related parties		(1,861)	-
Proceeds from borrowings to related parties		56	716
Proceeds from repayment of loans to others		-	253
Proceeds of borrowings from related parties		-	-
<b>Net cash provided by/(used in) investing activities</b>		<b>(2,331)</b>	<b>2,174</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from borrowings from others		246	505
Repayment of borrowings from others		(3,163)	(3,395)
Employee share purchase plan loan repayments		2	7
Principal repayments under finance lease		(793)	(1,080)
Dividends paid		(1,554)	(882)
Proceeds from the issue of equity securities		-	569
<b>Net cash provided by/(used in) financing activities</b>		<b>(5,262)</b>	<b>(4,276)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>808</b>	<b>348</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>3,477</b>	<b>3,129</b>
<b>Cash and cash equivalents at the end of the financial year</b>	8(a)	<b>4,285</b>	<b>3,477</b>

Notes to the preliminary final report are included on pages 9 to 20.

# **Webster Limited**

## **Notes to the Financial Statements**

For the financial year ended 30 June 2007

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

#### **Statement of Compliance**

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

The preliminary final report does not include notes of the type normally included in an annual report and should be read in conjunction with the 30 June 2006 Annual Financial Report.

The preliminary final report was authorised for issue by the directors on 29 August 2007.

#### **Basis of Preparation**

The preliminary final report is to be read in conjunction with the 2006 annual report, the December 2006 half-year report and any public announcements made by Webster Limited and its controlled entities during the year in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

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

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

The accounting policies and methods of computation adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the company's 2006 Annual Financial Report for the year ended 30 June 2006, other than as detailed below.

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

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2006. The adoption of these new and revised Standards and Interpretations has resulted in changes to the Group's accounting policies, specifically in relation to financial guarantee contracts (AASB 2005-09 'Amendments to Australian Accounting Standards'). Whilst the policy adopted has changed, there has been no impact on the amounts reported for the current period.

## Notes to the Financial Statements

For the financial year ended 30 June 2007

Note	Consolidated	
	2007 (\$'000)	2006 (\$'000)
<b>2 Profit from Operations</b>		
Profit from operations before income tax expense includes the following items of revenue and expenses:		
<b>(a) Revenue</b>		
<b>Continuing operations</b>		
Revenue from the sale of goods	43,994	36,248
Revenue from the rendering of services	1,906	318
<b>Total revenue</b>	<b>45,900</b>	<b>36,566</b>
<b>Discontinuing operations</b>		
Revenue from the sale of goods	35,688	33,592
	<b>35,688</b>	<b>33,592</b>
<b>(b) Other Income</b>		
<b>Continuing operations</b>		
Unrealised increment in net market value of agricultural assets - plants	-	185
Interest revenue	394	353
Rental Revenue	605	1,065
Gain/(loss) on disposal of property, plant and equipment and agricultural assets	56	(14)
Net foreign exchange gains/(losses)	37	113
R&D grants	63	166
Other	720	834
<b>Total other income</b>	<b>1,875</b>	<b>2,702</b>
<b>Discontinuing operations</b>		
Other revenue	228	310
	<b>228</b>	<b>310</b>
<b>(c) Expenses</b>		
Cost of sales	21,157	18,834
Finance costs:		
Interest on loans	1,175	1,342
Dividends on instruments classified as financial liabilities	36	36
Other finance costs	104	145
<b>Total finance costs</b>	<b>1,315</b>	<b>1,523</b>

## Notes to the Financial Statements

For the financial year ended 30 June 2007

	Note	Consolidated Carrying Amount		Ownership Interest	
		2007 (\$'000)	2006 (\$'000)	2007 (%)	2006 (%)
<b>3 Investments Accounted for Using the Equity Method</b>					
<b>Associates:</b>					
Kelp Industries Pty Ltd					
- kelp processor	(i) (iii)	-	206	-	50
- incorporated in Australia					
Tassal Group Limited					
- salmon producer & processor	(ii)	39,887	32,591	28	28
- incorporated in Australia					
- quoted price at 30 June 2007 \$3.32					
Webster Walnuts Pty Ltd					
- walnut orchardist	(iv)	2,219	4,788	50	50
- incorporated in Australia					
		<u>42,106</u>	<u>37,585</u>		

(i) Reporting date 31 December.

(ii) Webster Limited acquired additional shares in Tassal Group Limited during the year and currently has a 28.21% ownership interest.

(iii) Kelp Industries Pty Ltd is a discontinued operation at balance date, as detailed in note 10.

(iv) The Directors conducted an impairment analysis in relation to the investment in Webster Walnuts Pty Ltd as at 30 June 2007. This analysis resulted in an impairment loss of \$2 million being recognised in the profit and loss during the 2007 financial year. This loss is disclosed in the Income Statement under "Impairment loss on associate".

### Summarised financial information of associates:

Current Assets	113,783	80,782
Non-Current Assets	106,424	89,896
Current Liabilities	(36,956)	(55,467)
Non-Current Liabilities	(68,551)	(23,221)
<b>Net Assets</b>	<u>114,700</u>	<u>91,990</u>
<b>Revenue</b>	<u>248,720</u>	<u>210,104</u>
<b>Net profit</b>	<u>19,181</u>	<u>9,793</u>

### Share of associates' profit or loss:

Share of profit/(loss) before income tax	7,471	3,341
Income tax expense	(2,412)	(1,141)
Share of associates' profit/(loss)	<u>5,059</u>	<u>2,200</u>

### Dividends received from associates

During the year the consolidated entity received dividends of \$1,688 thousand (2006: \$1,492 thousand) from its associates.

### Contingent Liabilities and Capital Commitments

There are no contingent liabilities and capital commitments related to associates.



## Notes to the Financial Statements

For the financial year ended 30 June 2007

		<b>Consolidated</b>	
		<b>2007</b>	<b>2006</b>
		(\$'000)	(\$'000)
<b>5</b>	<b>Retained Earnings</b>		
	Balance at beginning of financial year	10,779	6,734
	Net profit/(loss) attributable to members of the parent entity	2,305	5,234
	Dividends provided for or paid	7 (2,445)	(1,189)
	Balance at end of financial year	<u>10,639</u>	<u>10,779</u>

		<b>Consolidated</b>	
		<b>Cents per Share</b>	
		<b>2007</b>	<b>2006</b>
<b>6</b>	<b>Earnings Per Share</b>		
	Basic earnings per share		
	From continuing operations	(a) 8.83	9.38
	From discontinued operations	(a) (5.08)	(0.69)
	Total basic earnings per share	<u>3.74</u>	<u>8.69</u>
	Diluted earnings per share		
	From continuing operations	(b) 8.83	9.38
	From discontinued operations	(b) (5.08)	(0.69)
		<u>3.74</u>	<u>8.69</u>

### (a) Basic Earnings per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

		<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
		(\$'000)	(\$'000)	No.	No.
	Earnings	(i) 2,305	5,234		
	Earnings from continuing operations	(i) 5,435	5,648		
	Weighted average number of ordinary shares for the purposes of basic earnings per share			(ii) 61,557,500	60,224,346

(i)

Earnings used in the calculation of total basic earnings per share and basic earnings per share reconciles to net profit in the income statement as follows:

		<b>2007</b>	<b>2006</b>
		(\$'000)	(\$'000)
	Net profit/(loss)	2,305	5,234
	Earnings used in the calculation of basic EPS	2,305	5,234
	Adjustments to exclude profit/(loss) for the period from discontinued operations	3,130	414
	Earnings used in the calculation of basic EPS from continuing operations	<u>5,435</u>	<u>5,648</u>

## Notes to the Financial Statements

For the financial year ended 30 June 2007

### 6 Earnings Per Share (continued)

#### (b) Diluted Earnings per Share

The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:

		2007 (\$'000)	2006 (\$'000)	2007 No.	2006 No.
Earnings	(i)	2,305	5,234		
Earnings from continuing operations	(i)	5,435	5,648		
Weighted average number of ordinary and potential ordinary shares for the purpose of diluted earnings per share	(ii)			61,557,500	60,224,346

(i) Earnings used in the calculation of total diluted earnings per share and diluted earnings per share from continuing operations reconciles to net profit in the income statement as follows:

	2007 (\$'000)	2006 (\$'000)
Net profit/(loss)	2,305	5,234
Earnings used in the calculation of basic EPS	2,305	5,234
Adjustments to exclude profit/(loss) for the period from discontinued operations	3,130	414
Earnings used in the calculation of diluted EPS from continuing operations	5,435	5,648

(ii) Weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2007 No.	2006 No.
Weighted average number of ordinary shares used in the calculation of basic EPS	61,557,500	60,224,346
Weighted average number of shares used in the calculation of diluted EPS	61,557,500	60,224,346

### 7 Dividends

Note	2007		2006	
	Cents per share	Total (\$'000)	Cents per share	Total (\$'000)
<u>Fully paid ordinary shares</u>				
Final Dividend franked to 30%	3.0	1,826	2.0	1,189
Interim Dividend franked to 30%	1.0	619	-	-
		2,445		1,189

	Company	
	2007 (\$'000)	2006 (\$'000)
Adjusted franking account balance	69	1,093
Impact on franking account balance of dividends not recognised	69	782
Income tax consequences of unrecognised dividends.	-	-

The Directors have declared a 4.5 cent per share dividend franked to 5.15% at 30% corporate income tax rate, payable on 31 October 2007. The record date for determining entitlement to the dividend is 9 October 2007.

## Notes to the Financial Statements

For the financial year ended 30 June 2007

	<b>Consolidated</b>	
	<b>2007</b> (\$'000)	<b>2006</b> (\$'000)
<b>8 Notes to the cash flow statement</b>		
<b>(a) Reconciliation of cash and cash equivalents</b>		
For the purpose of the cash flow statement, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:		
Cash and cash equivalents	4,285	3,477
Bank overdraft	-	-
	<u>4,285</u>	<u>3,477</u>
Cash and cash equivalents attributable to discontinued operations (note 10)	-	-
	<u>4,285</u>	<u>3,477</u>
<b>(b) Businesses Acquired</b>		
During the financial year no businesses were acquired.		
<b>(c) Business Disposed</b>		
During the current financial year there were no businesses disposed of. There is a plan to dispose of the industrial business and the interest in Kelp Industries Pty Ltd. The potential cash flows and balance sheet implications of this plan are detailed in note 10.		
<b>(d) Non-Cash Financing and Investing Activities</b>		
During the financial year, the consolidated entity acquired equipment via finance leases to the value of \$227,000 (2006: \$505,000).		
<b>(e) Financing Facilities</b>		
Secured finance facilities reviewed annually and payable at call		
- Amount used	-	-
- Amount unused	6,000	6,000
	<u>6,000</u>	<u>6,000</u>
Secured bank loan rolling facilities reviewed annually with various maturity dates ranging from call to November 2007		
- Amount used	4,000	5,000
- Amount unused	8,000	5,000
	<u>12,000</u>	<u>10,000</u>
<b>(f) Cash Balances not Available for Use</b>		
There were no cash balances unavailable for use at balance date.		

## Notes to the Financial Statements

For the financial year ended 30 June 2007

<b>Consolidated</b>	
<b>2007</b>	<b>2006</b>
(\$'000)	(\$'000)

### 8 Notes to the cash flow statement (continued)

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

<b>Profit/(loss) for the period</b>	2,305	5,234
Depreciation and amortisation of non-current assets	1,597	1,837
Adjustments relating to self-generating and regenerating assets	-	(185)
Net (profit)/loss on sale of non-current assets	(67)	(222)
Net (profit)/loss on sale of investments	-	(1,715)
Impairment loss on discontinued operation	2,943	-
Impairment of plant & equipment	130	-
Impairment of agricultural assets	370	-
Impairment of investments	2,000	-
Interest income received or receivable	(476)	(457)
Debt instrument dividends paid	36	36
Share of associates' (profit)/loss and dividends	(5,147)	(2,284)
Net amount set aside to provisions	138	144
Amounts paid out of provisions	(239)	(112)
Other	3	70
Net goods and services tax refunded/(paid)	(726)	(617)
Decrease in income tax payable	-	29
Changes in net assets and liabilities, net of effects from the disposal of businesses (excluding impairment loss of discontinued operation):		
- Decrease/(increase) in receivables	(4,640)	(4,566)
- Decrease/(increase) in inventories	2,500	1,835
- Increase/(decrease) in payables	5,981	3,831
- Increase/(decrease) in tax balances	1,693	(408)
<b>Net cash flows from operating activities</b>	<b>8,401</b>	<b>2,450</b>

## Notes to the Financial Statements

For the financial year ended 30 June 2007

### 9 Segment Information

#### (a) Information on Business Segments

	Industry Services (discontinued operations)		Horticulture		Aquaculture		TOTAL	
	2007	2006	2007	2006	2007	2006	2007	2006
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Continuing Operations</b>								
<b>Revenues</b>								
External sales	-	-	45,900	36,336	-	-	45,900	36,336
Other revenue	-	-	3,002	1,921	-	-	3,002	1,921
Segment total	-	-	48,902	38,257	-	-	48,902	38,257
Unallocated/Consolidation Adj							(1,127)	2,973
<b>Total</b>							<b>47,775</b>	<b>41,230</b>
<b>Results</b>								
Segment result	-	-	5,184	3,367	5,629	2,662	10,813	6,029
Borrowing costs							(1,315)	(1,594)
Unallocated							(2,191)	1,052
Profit before tax							7,307	5,487
Income tax (expense)/benefit							(1,872)	161
<b>Profit/(loss) for the year from continuing operations</b>							<b>5,435</b>	<b>5,648</b>
<b>Discontinued operations</b>								
<b>Revenues</b>								
External sales	35,562	33,504	-	-	-	-	35,562	33,504
Internal sales	126	88	-	-	-	-	126	88
Other revenue	228	310	-	-	-	-	228	310
Segment total	35,916	33,902	-	-	-	-	35,916	33,902
<b>Total</b>							<b>35,916</b>	<b>33,902</b>
<b>Results</b>								
Segment result	194	(74)	-	-	-	-	194	(74)
Borrowing costs							(93)	(70)
Unallocated (2007: Includes loss on disposal of Industry Services)							(3,410)	(517)
Profit/(loss) before tax							(3,309)	(661)
Income tax (expense)/benefit							179	247
<b>Profit/(loss) for the year from discontinued operations</b>							<b>(3,130)</b>	<b>(414)</b>
<b>Profit for the year</b>							<b>2,305</b>	<b>5,234</b>
<b>Segment Assets &amp; Liabilities</b>								
<b>Assets</b>								
Segment assets	8,586	13,244	30,516	23,272	39,887	32,591	78,989	69,107
Unallocated							12,200	15,750
<b>Total</b>							<b>91,189</b>	<b>84,857</b>
<b>Liabilities</b>								
Segment liabilities	(5,205)	(6,583)	(11,666)	(6,318)	-	-	(16,871)	(12,901)
Unallocated							(21,572)	(21,580)
<b>Total</b>							<b>(38,443)</b>	<b>(34,481)</b>

## Notes to the Financial Statements

For the financial year ended 30 June 2007

### 9 Segment Information (cont)

	Industry Services (discontinued operations)		Horticulture		Aquaculture	
	2007	2006	2007	2006	2007	2006
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Other Information</b>						
Acquisition of non-current assets	488	483	760	231	-	-
Depreciation and amortisation	495	504	596	681	-	-
Other non-cash expenses	-	1	500	7	-	-
Carrying value of investments accounted for using the equity method	-	-	2,219	4,788	39,887	32,591
Share of net profit/(loss) of associate and joint venture entities accounted for under equity method	-	-	(570)	(606)	5,629	2,662

#### Products within each business segment

For management purposes, the consolidated entity is organised into three major operating divisions. These divisions are the basis on which the consolidated entity reports its primary segment information. The principal products and services of each of these divisions are as follows:

##### Industrial Services

(discontinued operations) - Wholesaling of a range of finished goods including industrial supplies, heavy machinery and automotive parts throughout Tasmania.

Horticulture - Growing, processing, packing and marketing of fruit, vegetables and nuts for export and domestic markets.

Aquaculture - Investment in the production, processing, value-adding and marketing of salmon for export and domestic markets and the harvesting and processing of kelp.

#### (b) Information on Geographical Segments

The consolidated entity is based solely in Tasmania. Goods are sold in both domestic and international markets.

Geographical Segment	Revenue from external customers		Segment assets		Acquisition of segment assets	
	2007	2006	2007	2006	2007	2006
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Australia	57,053	48,282	91,189	85,616	1,248	714
Europe	20,307	15,972	-	-	-	-
Other	4,102	5,586	-	-	-	-

The consolidated entity's three divisions operate in three principal geographical locations - Australia, Asia and Europe. The composition of each geographical segment is as follows:

Australia The Webster Group manufactures, produces and sells a broad range of its products in Australia.

Europe The Webster Group sells onions into Northern Europe.

Asia The Webster Group sells onions and carrots into Asia.

## Notes to the Financial Statements

For the financial year ended 30 June 2007

### 10 Discontinued Operations

#### Plan to dispose of the industrial businesses and interest in Kelp Industries Pty Ltd

On the 27th of June 2007, Directors agreed to divest the company's industrial businesses, comprising Webster Trucks & Machinery and Webster Bearings & Engineering Supplies, and its 50% interest in associate Kelp Industries Pty Ltd. The Purchaser is Ironbound Pty Ltd, a related party of Executive Chairman, R J Roberts. On 3rd July 2007 this divestment was formalised in a business sale agreement, which was executed and announced to the Australian Stock Exchange on the same day. The divestment is consistent with the company's long-term strategic direction to grow in the areas of aquaculture and horticulture.

The business sale agreement has an effective date of 30 June 2007, with an expected completion date of 31 August 2007, or as agreed between the parties. The agreement has a number of conditions precedent, including obtaining shareholder approval, which Directors consider are likely to be satisfied to enable completion of the agreement to occur. The divestment includes the sale of all assets and undertakings of the operating businesses, the sale of corporate assets, such as computer equipment, software and furniture, and the sale of shares in Kelp Industries Pty Ltd. Net consideration is \$3,931,000, which represents a gross consideration of \$4,500,000, which is reduced by the value of employee entitlements transferred to the purchaser (discounted by 30%). The carrying value of consolidated net assets at 27 June 2007 being divested was \$6,762,000 (Company: \$6,758,000). Estimated costs in relation to the transaction amount to \$112,000.

The result of the discontinuing operation which has been included in the income statement are as follows. The comparative profit and cash flows from discontinuing operations have been represented to include those operations classified as discontinuing in the prior period:

	<b>Consolidated</b>	
	<b>2007</b>	<b>2006</b>
	(\$)	(\$)
<b>Profit from discontinued operations</b>		
Revenue (note 2)	35,688	33,592
Other income (note 2)	228	310
Share of net profits of associate accounted for using the equity method	88	84
	<u>36,004</u>	<u>33,986</u>
Expenses	(36,370)	(34,647)
Profit before income tax expense	(366)	(661)
Attributable income tax (expense)/benefit	179	247
	<u>(187)</u>	<u>(414)</u>
Gain/(loss) on disposal of operation	(2,943)	-
	<u>(2,943)</u>	<u>-</u>
Attributable income tax expense	-	-
	<u>(2,943)</u>	<u>-</u>
Loss for the year from discontinued operations	<u>(3,130)</u>	<u>(414)</u>
<b>Cash flows from discontinued operations</b>		
Net cash flow from operating activities	704	2,149
Net cash flow from investing activities	(138)	(285)
Net cash flow from financing activities	(690)	(711)
Net cash flows	<u>(124)</u>	<u>1,153</u>

The major classes of assets and liabilities comprising the operations and investments classified as held for sale at balance date are as follows:

	<b>Consolidated</b>	
	<b>2007</b>	<b>2006</b>
	(\$)	(\$)
Trade and other receivables	4,051	-
Inventories	5,748	-
Other assets	40	-
Investments accounted for using the equity method	204	-
Property, plant and equipment	1,924	-
Impairment loss	(2,831)	-
Total assets classified as held for sale	<u>9,136</u>	<u>-</u>
Trade and other payables	(2,935)	-
Borrowings	(1,457)	-
Provisions	(813)	-
Total liabilities associated with assets classified as held for sale	<u>(5,205)</u>	<u>-</u>
Net assets held for sale	<u>3,931</u>	<u>-</u>

## Notes to the Financial Statements

For the financial year ended 30 June 2007

### 11 Subsequent Events

#### Aquaculture and Horticulture Strategy

On 15 August 2007 Directors released an ASX announcement regarding the company's strategic direction. This direction is in aquaculture and horticulture, with in-principle agreement reached between Webster Limited and Futuris Corporation Limited to progress this direction through a number of transactions. These transactions comprise the transfer of Futuris' aquaculture and horticulture interest to Webster in exchange for ordinary shares; and the provision to Webster of a \$25 million secured loan facility convertible to ordinary shares to fund future rationalisation opportunities. The transfer of the assets is subject to due diligence and valuation, and Webster Limited shareholder approval.

#### Final dividend declared

On 29 August 2007, the Directors declared a final dividend of 4.5 cents per ordinary share in respect to the financial year ended 30 June 2007. The dividend will be franked to 5.15% at the 30% corporate income tax rate and will be paid on 31 October 2007. The record date for determining entitlement to this dividend is 9 October 2007. The Company's Dividend Reinvestment Plan will apply to the dividend, with a discount rate of 5% applicable.

Since the end of the year the directors are not aware of any matter or circumstance that has arisen, other than that which described above or as detailed in note 10, that has significantly or may significantly affect the operations of the consolidated group, the results of those operations or the state of affairs of the consolidated group in subsequent financial years. The final dividend has not been recognised in this Preliminary Final Report as the dividend was declared subsequent to 30 June 2007.

## **Compliance Statement**

- (a) This preliminary final report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Interpretations and other standards acceptable to the ASX.
- (b) This preliminary final report and the accounts upon which the report is based, use the same accounting policies.
- (c) This preliminary final report gives a true and fair view of the matters disclosed.
- (d) This preliminary final report is based on financial statements, which have been audited.
- (e) The entity has a formally constituted audit committee.

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

**R J Roberts  
Chairman  
Webster Limited  
29 August 2007**