Webster Limited

Financial Report

Year ended 30 September 2018

Contents

Directors' Report
For the year ended 30 September 2018

The directors of Webster Limited (the "Company" or "Webster" or the "Group") (ACN 009 476 000) submit herewith the preliminary annual financial report of the Company for the year ended 30 September 2018. The registered office of Webster is 148 Colinroobie Road, Leeton, New South Wales 2705. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report follows:

1. Directors

The Directors of Webster at any time during or since the end of the year are:

Chris Corrigan – BEc (Chairman)

Mr Corrigan was appointed Non-Executive Director in November 2007 until July 2010 and again from 15 October 2012. Mr Corrigan was appointed Executive Chairman on 29 February 2016 and the Chairman on 19 December 2017.

Mr Corrigan was Managing Director of Patrick Corporation Limited, Australia's largest stevedore company with interests in rail transportation and aviation from March 1990 to May 2006. Prior to that, he had a career with Bankers Trust spanning 20 years, including periods as Managing Director of Bankers Trust in Australia and for the Asia-Pacific region.

Directorships of other listed companies held during the last three years:
Qube Logistics Holdings Limited – from March 2011 to June 2017
Hawthorn Resources Limited – from October 2017

David Cushing – BCom, ACA (Non-Executive Director)

Mr Cushing was appointed Non-Executive Director on 31 October 2012.

Mr Cushing is Executive Chairman of Rural Equities Limited, one of New Zealand's largest rural property companies, and is also a director of the private investment company H & G Limited. Mr Cushing was formerly an investment banker with National Australia Bank Limited subsidiary, Bank of New Zealand. Mr Cushing has considerable experience in the agricultural sector having previously been a director of horticultural company Fruitfed Supplies Limited, rural services company Williams & Kettle Limited and New Zealand Farming Systems Uruguay Limited. He has also acted as an alternate director of rural services and seed company PGG Wrightson Limited for the Chinese company Agria Corporation.

Chris Langdon – BCom (Econ) (Non-Executive Director)

Mr Langdon was appointed Non-Executive Director on 14 March 2013. Mr Langdon retired from the Board on 30 April 2018.

Mr Langdon is a major shareholder and Chief Executive of Langdon Group Pty Ltd. The Langdon Group is 160 years old and is a leading company in its sector, primarily involved in food ingredient distribution, and herb & spice processing. Mr Langdon's early career was in investment banking with roles in Australia, London and New York. Since the early 1990s, apart from his corporate role at Langdon Group, Mr Langdon has been involved in various external corporate directorships.

He has also held directorships at the listed Text Media Limited and Fresh Food Industries Holdings Limited, as well as Nutshack Group Pty Ltd.

Directorships of other listed companies held during the last three years:
Panoramic Resources Limited – from August 2004 to June 2016

Directors' Report (continued)
For the year ended 30 September 2018

John Joseph Robinson – BFA (Non-Executive Director)

Mr J Robinson was appointed Non-Executive Director on 23 June 2016. Mr J Robinson retired from the Board on 7 November 2018.

Mr Robinson is the Managing Director of Australian Food and Fibre Limited and has over 20 years' experience in irrigated and dry land farming, prior to which he traded futures with Bankers Trust. He is currently the Chairman of the Gwydir Valley Irrigators Association, Chairman of the Gwydir Customer Advising Groups, the Presiding Member of the Cotton Research and Development Corporation Selection Committee and a member of The Primary Industries Ministerial Advisory Council.

David Fitzsimons – (Non-Executive Director)

Mr David Fitzsimons was appointed Non-Executive Director on 30 April 2018.

Mr Fitzsimons has over 30 years' investment and finance experience and has been a Director of several companies in the UK and Australia in the media, publishing and retail sectors.

Ross Leslie Burling – (Non-Executive Director)

Mr Ross Burling was appointed Non-Executive Director on 7 November 2018.

Mr Burling is an Executive Director, shareholder and CEO of Stahmann Farms, the largest vertically integrated Pecan and Macadamia Food business in the southern hemisphere. Mr Burling joined the board of Stahmann Farms in February 2010 and has led the company as its Chief Executive Officer since March 2013. Mr Burling has been in management leadership roles for over 25 years and is also a Director with Australian Certified Organic limited, a member of the Gwydir Valley irrigators association, and a graduate of the AICD Company director's course.

Maurice Felizzi – BA Acc, CA AGIM (Executive Director)

Mr Maurice Felizzi was appointed Executive Director on 30 April 2018.

Mr Felizzi joined Webster as Chief Financial Officer and Company Secretary in April 2016 and was subsequently appointed as Chief Executive Officer in December 2017. Mr Felizzi is a member of CA Australia, Institute of Chartered Secretaries and holds a Bachelor of Arts from the University of Canberra.

Joseph Corrigan – BA MCA (Alternate for Chris Corrigan)

Mr Corrigan was appointed alternate for Mr Chris Corrigan on 14 October 2013.

Mr Corrigan holds a Bachelor and Masters in Creative Arts and has interests and experience in the agricultural industry particularly wheat, canola and beef. Mr Corrigan is also Managing Director of an entertainment production company.

Director's Shareholdings

Director's shareholdings are disclosed on page 16 of the Directors' Report. There has been no change in Director's shareholdings between the end of the financial year and the date of this Directors' Report. Mr Robinson sold all shares post year end.

Directors' Report (continued)
For the year ended 30 September 2018

2. Company Secretary

Mr Maurice Felizzi - **BA Acc, CA AGIM** joined the Group on 18 April 2016 and was appointed Company Secretary from 28 April 2016. He is a member of CA Australia, Institute of Chartered Secretaries and holds a Bachelor of Arts from the University of Canberra.

3. Principal Activities

The principal activities of the Group during the year was the production, processing and marketing of walnuts, cotton and other annual crops and livestock.

4. Review of Operations

The Group's financial performance resulted in a net profit before tax for the year ended on 30 September 2018 of $38.9 million (15-month to 30 September 2017 Profit $49.1 million).

5. Directors' Meetings

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director (while they were a Director or Committee Member). During the year ended 30 September 2018, 9 Board Meetings, 3 Audit and Risk Committee Meetings and 1 Remuneration Committee Meeting were held.

2018	Board of Directors		Audit and Risk Committee		Remuneration Committee	
Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Directors						
C D Corrigan	9	9	3	3	1	1
C D Langdon (i)	4	3	2	2	-	-
B D Cushing	9	9	3	3	1	1
J J Robinson (ii)	9	5	3	2	-	-
D Fitzsimons (iii)	5	5	1	1	1	1
M Felizzi (iv)	5	5	-	-	-	-

(i) Mr C D Langdon retired on 30 April 2018
(ii) Mr J J Robinson retired on 7 November 2018
(iii) Mr D Fitzsimons appointed on 30 April 2018
(iv) Mr M Felizzi appointed on 30 April 2018

6. Corporate Governance

In fulfilling its obligations and responsibilities to its various stakeholders, the Board of the Group recognises the need to implement and maintain a robust system of governance. The Board has established a program that aims to meet best practice in standards of accountability, disclosure, responsibility and transparency.

The Australian Securities Exchange ("ASX") Corporate Governance Council has released guidelines under which companies are now obliged to report on whether they comply with their published "Corporate Governance Principles and Recommendations", as outlined in those guidelines.

The Group complies with most of the principles outlined in the ASX guidelines and the Board remains committed to reviewing all practices to ensure that an appropriate and functional solution is in place for a company of Webster Limited's size and type of operation.

Set out below is a summary of the Group's current practices in each of the areas identified in the ASX guidelines.

6.1 Lay solid foundations for management and oversight

The Group's Board of Directors is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The relationship between the Board and management is a partnership that is crucial to the Group's long-term success. The separation of responsibilities between the Board and management is clearly understood and respected.

6.2 Structure the Board to add value

The Group has recognised the importance of having a balanced Board comprised of directors with an appropriate range of backgrounds, skills and experience. As at the date of this report, the Board comprises of one Executive Director and four Non-Executive Directors. It is the intention of the Board to maintain a majority of Non-Executive Directors on the Board. The Board is of the view that directors possess an appropriate mix of skills, experience, expertise and diversity to enable the Board to discharge its responsibilities.

The Board considers the independence of directors to be assessed on their capacity to act in accordance with their duties and put the interests of the Company and its shareholders first, so that they are objectively capable of exercising independent judgement. The Board considers that each of the current directors has this capacity.

The directors as a group are responsible for reviewing membership of the Board and for selecting new directors. The constitution requires that any new Non-Executive Director appointed by the Board must seek election at the next Annual General Meeting.

The Board is supported by the Audit and Risk Committee. This committee has its own charter and operating procedures and assists the Board in the discharge of its obligations by the review of financial reports, audit, risk and compliance. In addition, directors meet outside normal Board and Committee Meetings from time to time, in accordance with good corporate governance practice.

The Board is also supported by the Remuneration Committee. This committee has its own charter and operating procedures and assists the Board in the discharge of its obligations in relation to remuneration matters of the Company.

6.2 Structure the Board to add value (continued)

Audit and Risk Committee

The Audit and Risk Committee monitors internal control policies and procedures designed to safeguard company assets and to ensure the integrity of financial reporting. It advises on the establishment and maintenance of a framework of internal controls and appropriate ethical standards for the management of the Group.

The Committee is also responsible for identifying areas of significant business risk and ensuring arrangements are in place to manage them. It reviews the annual and half-year financial statements before the Board considers them. It is also responsible for ensuring compliance with the *Corporations Act 2001*, ASX Listing Rules and any other matters with external governing or statutory bodies.

Among its specific responsibilities, the Committee reviews and advises the Board on the nomination and remuneration of external auditors and the adequacy of existing external and internal audit arrangements including the scope and quality of audits. The Audit and Risk Committee Charter is available on the Company's website and contains information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.

The Committee met three times during the year ended 30 September 2018. Current members of the Audit & Risk Committee are Messrs C D Corrigan, B D Cushing and D Fitzsimons.

Details of the names and qualifications of those appointed to the Audit and Risk Committee are contained on pages 2-3 of the Directors' Report. The number of meetings of the Audit and Risk Committee and names of the attendees is contained on page 4.

The Chairman, other Directors, Chief Financial Officer and the external audit partner in charge of the Group's audit attend meetings of this Committee by invitation.

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

Remuneration Committee

The Board has established a Remuneration Committee. The remuneration charter provides that the Committee must consist of a minimum of 3 members and must have a majority of independent Directors.

Attendance at committee meetings by management is at the invitation of the committee. Directors who are non-committee members may attend any meeting of the committee.

The committee reports to the Board on its consideration and recommendations.

6.3 Promote ethical and responsible decision making

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

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

The Code of Conduct covers such matters as:

- responsibilities to shareholders;
- conflict of interest;
- confidentiality;

6.3 Promote ethical and responsible decision making (continued)

- protection of the company assets;
- relations with customers and suppliers;
- employment practices; and
- responsibilities to the community.

The Group has developed and adopted a Securities Trading Policy that prohibits employees trading the Company's shares due to knowledge of undisclosed information. At other times, directors and employees are permitted to trade in the Company's securities subject to compliance with the Securities Trading Policy, statutory and other relevant regulatory restrictions. Directors refer all trading of Company shares by them to the Company Secretary for ASX lodgement requirements.

Directors may, after prior approval of the Chairman, obtain independent professional advice at the Group's expense for the purpose of the proper performance of their duties.

The Group is an equal opportunity employer and recruit's personnel from a diverse range of backgrounds. Workplace diversity includes, but is not limited to gender, age, race, ethnicity, disability and cultural background. The Group is committed to further enhancing the diversity and recognises that embracing diversity in its workforce contributes to the achievement of the Group's objectives.

Although the Group has a rich diversity, amongst its employees, the Board recognises the need to improve the diversity at senior executive and Board level. As at 30 September 2018, the Chair of AGW Funds Management Limited (a wholly owned subsidiary of Webster Limited that acts as the Responsible Entity for two Managed Investment Schemes) is female. The Group is an equal opportunity employer and the number of female employees comprise approximately 12% of senior executives, 16% of permanent employees and 45% of seasonal/casual employees.

To further enhance the commitment to gender diversity, the Group had developed the following objectives which will be monitored and evaluated by the Board:

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

6.4 Safeguard integrity in financial reporting

The Board is responsible for the integrity of financial data and has instigated an internal control framework to ensure accurate financial reporting of monthly actual results against budgets approved by directors and revised forecasts. In accordance with section 295A of the *Corporations Act 2001*, the Chairman and Chief Executive Officer stated in writing to the Board that the Group's financial reports present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with relevant accounting standards.

The Audit and Risk Committee provides assistance to directors in fulfilling their responsibility to the Group's shareholders and potential investors in relation to the financial risk, audit, corporate accounting and reporting practices of the Company.

6.5 Make timely and balanced disclosures

The Group places considerable importance on accurate and effective communication with its existing and potential shareholders.

The Group is committed to complying with the continuous disclosure obligations of the *Corporations Act 2001* and the ASX Listing Rules. The Group has developed and adopted a continuous disclosure policy and procedure, which ensures all material matters concerning the Group are conveyed immediately and effectively. The Group understands and respects the fact that timely disclosure of relevant information is central to the efficient operation of the securities market.

Consistent with best practice disclosure and continuous disclosure requirements, all market-sensitive data, annual and half yearly reports and addresses by the Chairman and are released to the stock exchange through ASX On-Line. The Group also posts reports, newsletters, ASX releases, Annual General Meeting and other major presentations on its website - www.websterltd.com.au.

The external audit partner in charge of the Group's audit is invited to attend the Annual General Meeting and is available to answer shareholder questions related to the conduct of the audit, and the preparation and content of the auditor's report.

6.6 Respect the rights of shareholders

The Group is committed in providing shareholders with comprehensive information about its activities, and in fulfilling its obligations to the broader market for continuous disclosure.

The Group publishes a comprehensive Annual Report incorporating financial and other information. This is sent to shareholders on request and is available to the public, as well as being posted on the Group's website. A Half-Year Report incorporating abbreviated financial data and market commentary is also made available on the same basis.

The Group maintains a website (www.websterltd.com.au) that contains shareholder and stakeholder information in addition to information about the Company's products. Previous Annual and Half-Year Reports are available on the site.

The Company Secretary's Office is responsible for the distribution of material and responding to requests for information from shareholders and the public. The Board, and in particular the Chairman, bears responsibility for communication with shareholders and members. This occurs formally through the Annual Report and the Annual General Meeting. At other times, senior management and the Chairman liaise between the Board and key shareholders and analysts.

Notice of the Group's Annual General Meeting is sent to shareholders, as well as being posted on the website and released to the ASX. The Group's auditor attends the Annual General Meeting and is invited to answer relevant questions and make statements to the meeting. The directors attend General Meetings and are available to shareholders and other stakeholders. The public and the media are welcome to attend General Meetings as observers.

6.7 Recognise and manage risk

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

The Board is responsible for the Group's system of internal controls and monitors the operational and financial aspects of its activities through the Audit and Risk Committee. The Board and the Audit and Risk Committee are both involved in identifying key areas of risk such as insurance, interest rate and exchange exposure and ensuring that appropriate measures of protection are taken.

The Group has in place a number of risk management controls which include the following:

- risk management policy and practices;
- policies and procedures for the management of financial risk and treasury operations including exposures to foreign currencies, financial instruments, and movements in interest rates;
- guidelines and limits for the approval of capital expenditure and investments; and
- a comprehensive insurance program.

Management is required to provide regular reports on each of these matters.

6.8 Remunerate fairly and responsibly

The Company recognises that the process of enhancing shareholder value is dependent upon the performance of directors and management. Ensuring they each have the knowledge and information required to perform their duties, together with the regular review of performance, are important factors in meeting the Company's objectives.

The only benefits currently paid to Non-Executive Directors are the base fee and superannuation, approved in aggregate by shareholders. There is no scheme for the payment of retirement benefits to Executive and Non-Executive Directors.

7. Remuneration Report

The Remuneration Committee is responsible for reviewing the compensation arrangements for all senior executives and Directors. The review is conducted annually, having regard to management performance and comparative, external compensation levels. Independent advice may be sought on compensation packages and Directors' fees. The compensation of key management personnel includes salary/fees, movements in accrued annual and long service leave, benefits (including the provision of motor vehicles, superannuation, fringe benefits) and short term and long-term incentive schemes (including performance-related bonuses).

7.1 Remuneration Policy

The objective of the Group's executive remuneration policy is to set remuneration levels to attract and retain appropriately qualified and experienced Directors and senior executives. The policy aligns executive rewards with achievement of specific business goals and key performance indicators, which include both financial and operational targets. Remuneration packages include a mix of fixed remuneration and performance-based remuneration. Senior executives may receive short-term incentives.

Remuneration packages are reviewed and determined by the Board, with due regards to current rates, and are benchmarked against comparable industry salaries. The Board may obtain independent advice with regard to the appropriateness of remuneration packages.

7.1 Remuneration Policy (continued)

Non-Executive Directors receive fees but do not receive any performance-related remuneration. Non-Executive Directors' fees are reviewed by the Board annually to ensure that they are appropriate and in line with market expectations. The total amount of remuneration provided to Non-Executive Directors must not exceed an aggregate maximum of $500,000 per annum.

7.2 Performance Based Remuneration

Short-Term Incentives

A cash-based Short-Term Incentive Program (STI) continued to be adopted for the 2018 financial period. In the 2018 financial period, bonus payments of $635,488 have been paid to key management personnel (15 months to September 2017: $444,874). The Program is applicable to key personnel that influence earnings. The STI Program is linked to the budget which aims to align performance to the financial performance of the Company.

Executives are eligible for personal incentives up to a maximum of 50% of their total cost to company (TCC) package based on achieving specific goals and/or KPIs. The Board is responsible for assessing whether the KPIs are met based on detailed reports on performance prepared by management. Financial targets ensure that reward is only available when value has been created for shareholders. Operational targets allow for the recognition of efficiencies that will provide for future shareholder value.

Short-term incentives are payable 50% following approval with the remaining 50% payable after 12 months on the condition that the recipient is still employed by the Company, if the value of the Short term incentive represents more than 40% of the employees' total employment compensation ("TEC") package.

Long-Term Incentives

On 27 August 2013, the Board adopted an Executive Long-Term Incentive Plan (ELTIP) to provide eligible executives the opportunity to acquire shares in the Company. Under the ELTIP, eligible executives are invited to apply for a set number of Webster Limited ordinary shares and a non-recourse interest free loan will be made available to them by the Group for this purpose. The Board may from time to time determine which executives are entitled to participate in the ELTIP based on individual performance as assessed under the annual review process. Shares issued to eligible executives under the ELTIP are subject to a holding lock from their issue date until applicable vesting conditions (eligible executive must be employed by the Company) have been satisfied and the loans applicable to them repaid. The issue price of shares under the ELTIP is determined based on trading in Webster Limited ordinary shares over the five trading days prior to the date of issue. Shares issued under the ELTIP rank pari passu with existing ordinary shares and are entitled to participate in dividends as well as future rights and bonus issues. The ELTIP rewards participating executives against the extent of the Group's achievement against improvement in share price and hence shareholder value over the long term.

7.2 Performance Based Remuneration (continued)

Details of ELTIP shares granted/vested as compensation to key management personnel:

30 September 2018

Executive	Share Rights Issued	Share Rights Vested	Issue/ Exercise Price	Issue Date	Vesting/ Expiry Date	Current Period Expense	Total Value Granted (i)
D C Goullet	387,500	(ii) (iii)	$0.86	05/09/2013	5/09/2017	$0	$79,728
	193,750		$1.21	21/09/2016	21/09/2019	$19,314	$57,943
	193,750		$1.21	21/09/2016	21/09/2020	$16,261	$65,089
	200,000		$1.34	25/09/2017	25/09/2020	$17,921	$53,812
	200,000		$1.34	25/09/2017	25/09/2021	$15,164	$60,698
M Felizzi	250,000		$1.10	30/05/2016	30/05/2019	$25,125	$75,376
	250,000		$1.10	30/05/2016	30/05/2020	$21,114	$84,513
	250,000		$1.21	21/09/2016	21/09/2019	$24,922	$74,766
	250,000		$1.21	21/09/2016	21/09/2020	$20,982	$83,986
B Barry	250,000		$1.21	21/09/2016	21/09/2019	$24,922	$74,766
	250,000		$1.21	21/09/2016	21/09/2020	$20,982	$83,986
G J Lok	350,000		$1.34	25/09/2017	25/09/2020	$31,362	$94,171
	350,000		$1.34	25/09/2017	25/09/2021	$26,537	$106,222
W Andreatta	200,000		$1.34	25/09/2017	25/09/2020	$17,921	$53,812
	200,000		$1.34	25/09/2017	25/09/2021	$15,164	$60,698
	3,775,000					$297,691	$1,109,566

(i) The value of benefits granted under the LTIP during the period is calculated at the issue date using the Black-Scholes pricing model. This value is allocated to the remuneration of key management personnel on a straight-line basis over the period from issue to vesting date.

(ii) In accordance with the ELTIP plan rules Mr D C Goullet requested a further extension of 12 months to the loan relating to the ELTIP shares. The request was granted by the Company.

(iii) The vesting date incremental value of the shares extended amounts to $14,484.

15-month to 30 September 2017

Executive	Share Rights Issued	Share Rights Vested	Issue/ Exercise Price	Issue Date	Vesting/ Expiry Date	Current Period Expense	Total Value Granted (i)
D C Goullet	387,500	(ii) (iii)	$0.86	05/09/2013	5/09/2016	$4,284	$70,079
	387,500	(ii) (iii)	$0.86	05/09/2013	5/09/2017	$23,575	$79,728
	193,750		$1.21	21/09/2016	21/09/2019	$19,791	$57,943
	193,750		$1.21	21/09/2016	21/09/2020	$16,662	$65,089
	200,000		$1.34	25/09/2017	25/09/2020	$245	$53,812
	200,000		$1.34	25/09/2017	25/09/2021	$208	$60,698
M Felizzi	250,000		$1.10	30/05/2016	30/05/2019	$31,458	$75,376
	250,000		$1.10	30/05/2016	30/05/2020	$26,436	$84,513
	250,000		$1.21	21/09/2016	21/09/2019	$25,536	$74,766
	250,000		$1.21	21/09/2016	21/09/2020	$21,500	$83,986
B Barry	250,000		$1.21	21/09/2016	21/09/2019	$25,536	$74,766
	250,000		$1.21	21/09/2016	21/09/2020	$21,500	$83,986
G J Lok	350,000		$1.34	25/09/2017	25/09/2020	$430	$94,171
	350,000		$1.34	25/09/2017	25/09/2021	$364	$106,222
W Andreatta	200,000		$1.34	25/09/2017	25/09/2020	$245	$53,812
	200,000		$1.34	25/09/2017	25/09/2021	$208	$60,698
	4,162,500					$217,978	$1,179,645

(i) The value of benefits granted under the LTIP during the period is calculated at the issue date using the Black-Scholes pricing model. This value is allocated to the remuneration of key management personnel on a straight-line basis over the period from issue to vesting date.

(ii) In accordance with the ELTIP plan rules Mr D C Goullet requested a further extension of 12 months to the loan relating to the ELTIP shares. The request was granted by the Company.

(iii) The vesting date incremental value of the shares extended amounts to $14,484.

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7.3 Relationship between Company performance and Shareholder wealth

The following tables set out summary information about the Group’s earnings and movements in shareholder wealth for the five financial periods to 30 September 2018. Analysis of the figures shows that 2017 was affected by the sale of the water entitlements at Lake Tandou and 2016 year was affected by the impairment of goodwill. The 2015 year was affected by acquisition costs from the purchase of Bengerang Limited and takeover of Tandou Limited. The Group’s performance over the five financial periods has been reflected in an increase in the Company’s share price over the same period.

	30 September 2018 (\$'000)	**15-months period to 30 September 2017 (\$'000)**	**30 June 2016 (\$'000)**	**30 June 2015 (\$'000)**	**30 June 2014 (\$'000)**
Revenue and other income	207,262	275,761	175,964	77,503	65,650
Net profit/(loss) before tax	38,902	49,059	(81,554)	8,568	11,977
Net profit/(loss) after tax	27,085	58,284	(80,669)	5,759	8,328

	30 September 2018 (\$'000)	**15-months period to 30 September 2017 (\$'000)**	**30 June 2016 (\$'000)**	**30 June 2015 (\$'000)**	**30 June 2014 (\$'000)**
Share price at start of year	\$1.30	\$1.12	\$1.57	\$0.86	\$0.70
Share price at end of year	\$1.73	\$1.30	\$1.12	\$1.57	\$0.86
Interim Dividend	-	-	-	-	1.50 cps
Final Dividend	3.00 cps	3.00 cps	1.00 cps	1.00 cps	2.00 cps
Basic earnings per share	7.60cps	16.66 cps	(23.28) cps	3.70 cps	6.21 cps

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7.4 Key Management Personnel details

The Directors and other key management personnel of Webster Limited during or since the end of the year are:

Directors

- C D Corrigan (Chairman)
- B D Cushing (Non-Executive Director)
- C D Langdon (Non-Executive Director) – retired 30 April 2018
- J J Robinson (Non-Executive Director) – retired 7 November 2018
- D Fitzsimons (Non-Executive Director) – appointed 30 April 2018
- R Burling (Non-Executive Director) – appointed 7 November 2018
- M Felizzi (Executive Director) – appointed 30 April 2018

Executives

- M Felizzi (Chief Executive Officer and Company Secretary)
- D C Goullet (General Manager Operations, Walnuts Australia)
- B Barry (General Manager, Water Operations)
- G J Lok (General Manager, Webster Southern Ag)
- W Andreatta (Development Manager)

Except as noted, the named persons held their current position for the whole of the financial period and since the end of the financial period.

7.5 Remuneration details of Key Management Personnel

The following tables disclose compensation of key management personnel of the Group. The term "Key Management Personnel" refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

2018	Short-Term			Post Employment		Termination	Share-Based Amounts	Total	Fixed Remuneration	Remuneration Linked to Performance
Key Management Personnel	Salary and fees	Bonus Paid	Bonus Deferred	Non-Monetary	Super		ELTIP (iii)			
Non Executive Directors										
C D Corrigan	105,010	-	-	8,960	7,601	-	-	121,571	100%	-
B D Cushing	70,000	-	-	8,960	6,652	-	-	85,612	100%	-
C D Langdon (i)	49,184	-	-	5,227	-	-	-	54,411	100%	-
J J Robinson	70,000	-	-	8,960	6,652	-	-	85,612	100%	-
D Fitzsimons (ii)	32,083	-	-	3,733	3,049	-	-	38,865	100%	-
Executive Director and Executive Key Management Personnel										
M Felizzi (iii)	378,971	105,097	105,097	8,960	20,179	-	92,143	710,447	57%	43%
B Barry	210,502	53,438	53,438	28,460	19,375	-	45,904	411,117	63%	37%
D C Goullet	240,509	74,518	-	28,460	20,179	-	68,660	432,326	67%	33%
G J Lok	262,068	65,700	65,700	8,960	21,055	-	57,899	481,382	61%	39%
W Andreatta	226,217	56,250	56,250	8,960	-	-	33,085	380,762	62%	38%
Total	1,644,544	355,003	280,485	119,640	104,742	-	297,691	2,802,105		

(i) Mr C D Langdon retired on 30 April 2018.
(ii) Mr D Fitzsimons appointed on 30 April 2018.
(iii) Mr M Felizzi appointed on 30 April 2018.
(iv) The value of the Long-Term Incentive Plan benefits granted to key management personnel as part of their remuneration is calculated as at the grant date using the Black-Scholes pricing model. The amounts disclosed as part of the remuneration for part of the financial year have been determined by allocating the grant date value on a straight-line basis over the period from grant date to vesting date.

Directors' Report (continued)
For the year ended 30 September 2018
7.5 Remuneration details of Key Management Personnel (Continued)

15-months to September 2017	Short-Term			Post Employment		Termination	Share-Based Amounts	Total	Fixed Remuneration	Remuneration Linked to Performance
Key Management Personnel	Salary and fees	Bonus Paid	Bonus Deferred	Non-Monetary	Super		LTIP (iv)			
Directors										
C D Corrigan	87,500	-	-	11,936	8,315	-	-	107,751	100%	-
B D Cushing	87,500	-	-	11,936	8,315	-	-	107,751	100%	-
R J Roberts (i)	52,500	-	-	7,162	4,988	-	-	64,650	100%	-
C D Langdon	96,250	-	-	11,936	9,144	-	-	117,330	100%	-
J J Robinson	87,500	-	-	11,936	8,315	-	-	107,751	100%	-
Executives										
B Barry	267,176	53,750	53,750	36,311	24,902	-	47,036	482,925	68%	32%
M Felizzi	419,224	87,500	87,500	11,936	25,006	-	104,930	736,096	62%	38%
D C Goullet	289,480	90,619	71,755	36,311	28,052	-	64,765	580,982	61%	39%
G J Lok (ii)	46,570	-	-	2,387	4,424	-	794	54,175	99%	1%
W Andreatta (iii)	59,550	-	-	2,387	-	-	453	62,390	99%	1%
Total	1,493,250	231,869	213,005	144,238	121,461	-	217,978	2,421,801		

(i) Mr R J Roberts retired on 31 March 2017.
(ii) Mr G J Lok appointed on 1 July 2017.
(iii) Mr W Andreatta appointed on 01 July 2017.
(iv) The value of the Long-Term Incentive Plan benefits granted to key management personnel as part of their remuneration is calculated as at the grant date using the Black-Scholes pricing model. The amounts disclosed as part of the remuneration for part of the financial year have been determined by allocating the grant date value on a straight-line basis over the period from grant date to vesting date.

How the Groups Performance was assessed for the 2018 financial year

The individual KPI's and financial year 2018 achievements as determined by the Remuneration Committee for the executive Key Management Personnel (KMP) are provided in the following table:

Strategic Objective	Description of Measure	Weighting	Actual Performance Achievement	Commentary on Performance
Financial	Underlying EBIT Target for the Group and division	60%	120%	The full year underlying EBIT result of $46.2 million exceeded budget by greater than 110%.
Operational	Achievement of established operational strategies	40%	Varied: Dependant on individual performance. 27% to 82.5% of applicable weighting was achieved.	Each KMP were assigned strategies pertinent to their business line. Assessment was made based on measurable outcomes.

The STI measures selected (Financial and Operational), are designed to align individual performance to the achievement of the Company's strategy and the increase in shareholder value.

Directors' Report (continued)
For the year ended 30 September 2018

7.6 Transactions with Key Management Personnel

During the financial year, where Directors, their Director-related entities, and executives purchased goods, the purchases were domestic or trivial in nature, from the Group on the same terms and conditions available to other employees and customers.

The Group entered into management agreements with Australian Food and Fibre Ltd ("AFF") (pursuant to the purchase of the Kooba Aggregation, Bengerang Ltd and Tandou Ltd), a company in which Mr Joe Robinson is an associate. The agreement was renewed on 1 July 2017 for a 3-year term with an annual fee of $300,000 plus bonus incentives based on performance to a maximum potential of $500,000. During the financial year ended 30 September 2018 management fees of $275,000 was paid to AFF. A further management agreement was entered into with AFF for the management of the Tandou operations for the 2018 crops only. The value of the management services was $200,000 with a bonus potential of $2,000,000 based on various performance achievements. During the financial year, the management fees and bonus were paid in accordance with the agreement. For the management of the Tandou operations AFF also incurred expenses on behalf of the Company and were reimbursed at cost for those expenses amounting to $2,191,131, majority of this expenditure related to harvesting costs.

The Company entered into an agreement with Corrigan Air, a company which Mr Chris Corrigan and Mr Joseph Corrigan are associates. The current agreement is for the provision of the use of light aircraft to transport management to its properties. The arrangement is charged at cost which amounted to $507,371 for the year ended 30 September 2018.

The Company supplied walnuts to Langdon Ingredients, Bakery Craft and The Natural Foods Trading Company, all companies in which Mr Chris Langdon is an associate. The goods were supplied at arm's length on normal commercial terms. The value of goods supplied was $733,808 for the year ended 30 September 2018.

Other than the above, and contracts of employment, no other key management personnel have entered into a contract with the Company during the financial period.

Directors' Report (continued)
For the year ended 30 September 2018

7.7 Equity Holdings of Key Management Personnel

The following tables disclosed details and movements in equity holdings of key management personnel of the Group:

2018

Number of ordinary shares (ORD) held directly, indirectly or beneficially	Type	Balance at 1/10/17	Received on exercise of options	Share Rights ELTIP	Net other change	Balance at 30/9/18
Directors						
C D Corrigan	ORD	45,132,434	-	-	-	45,132,434
B D Cushing	ORD	20,244,413	-	-	-	20,244,413
C D Langdon (i)	ORD	1,444	-	-	-	1,444
J J Robinson	ORD	52,702,351	-	-	12,616,803	65,319,154
D Fitzsimons (ii)	ORD	38,561,181	-	-	-	38,561,181
		156,641,823	-	-	12,616,803	169,258,626
Executives						
M Felizzi	ORD	1,000,000	-	-	-	1,000,000
D C Goullet	ORD	1,563,732	-	-	-	1,563,732
B Barry	ORD	500,000	-	-	-	500,000
G J Lok	ORD	700,000	-	-	-	700,000
W Andreatta	ORD	400,000	-	-	-	400,000
		4,163,732	-	-	-	4,163,732

(i) Closing balance for C Langdon is at the respective retirement date (30 April 2018).
(ii) Opening balance for D Fitzsimons is at the date of appointment (30 April 2018).

2017

Number of ordinary shares (ORD) held directly, indirectly or beneficially	Type	Balance at 1/7/16	Received on exercise of options	Share Rights ELTIP	Net other change	Balance at 30/9/17
Directors						
C D Corrigan	ORD	45,132,434	-	-	-	45,132,434
B D Cushing	ORD	20,244,413	-	-	-	20,244,413
R J Roberts (i)	ORD	5,143,187	-	-	-	5,143,187
C D Langdon	ORD	1,444	-	-	-	1,444
J J Robinson	ORD	52,702,351	-	-	-	52,702,351
		123,223,829	-	-	-	123,223,829
Executives						
M Felizzi	ORD	500,000	-	500,000	-	1,000,000
D C Goullet	ORD	776,232	-	787,500	-	1,563,732
B Barry	ORD	-	-	500,000	-	500,000
G J Lok	ORD	-	-	700,000	-	700,000
W Andreatta	ORD	-	-	400,000	-	400,000
		1,276,232	-	2,887,500	-	4,163,732

(i) Closing balance for R J Roberts is at the respective retirement date.

Directors' Report (continued)
For the year ended 30 September 2018

8. Issue of Shares

No ordinary shares were issued during the year ended on 30 September 2018.

9. Share Options

No shares of any controlled entity were issued during the year ended on 30 September 2018 by the exercise of any options.

10. Dividends

During the year, directors declared paid the following dividends:

• Dividends of 9.0 cents per share on the cumulative non-redeeming preference shares were paid on 27 June 2018.

• Dividends of 3.0 cents per ordinary share, fully franked, was declared in regard to year ended 30 September 2018 to be paid on 21 December 2018.

11. Changes in State of Affairs

Other than as disclosed in this report or in the accompanying financial statements and notes thereto, there has been no significant change in the state of affairs of the Group during the period.

12. Subsequent Events

The Group entered into a sale of one of its subsidiaries, Bengerang Pty Limited to AFF Water Pty Limited, a related party, as trustee for AFF Water Trust for $132.7 million. On 31 October 2018, at an Extraordinary General Meeting, the shareholders voted in favour of the sale of Bengerang Pty Limited and this transaction was completed on 7 November 2018. The assets and liabilities of the company are classified as held for sale as at 30 September 2018 in the Statement of Financial Position.

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

13. Likely Developments

Likely developments in the Group's operations known at the date of this report have been covered elsewhere within this report.

14. Indemnification and insurance of officers and auditor

During the year, the Company paid a premium in respect of a contract insuring the directors of the Company (as named above), the Company Secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

To the extent permitted by law, Webster Limited, has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims made by third parties from the audit. The indemnity does not extend to any liability resulting from negligent, wrongful or wilful acts or omissions by Ernst & Young. No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

15. Environmental Regulations

The Group operates various processing facilities that are subject to environmental controls. There are no known issues that are outstanding with regulatory authorities and the Group is operating within accepted guidelines.

Directors' Report (continued)
For the year ended 30 September 2018

16. Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Amounts paid or payable by the Group to the auditor, Ernst and Young, for non-audit services during the year were $98,421. The Board of Directors has considered this position and in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the group and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor;
- The non-audit services provided do not undermine the general principles relating to auditor's independence as set out in APES 110 Code of Ethics for professional Accountants, as they did not involve reviewing or auditing the auditors own work, acting in a management decision making capacity for the group, acting as an advocate of the group or jointly sharing the risks and rewards.

The lead auditor's independence declaration is set out on Page 20 of the Directors' Report for the financial year ended 30 September 2018.

17. Rounding Off of Amounts

The Group is of a kind referred to in ASIC Corporations (Rounding in Financials/Directors' reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations instrument, amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

18. Independence Declaration by Auditor

The auditor's independence declaration is included on page 20.
Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

C D Corrigan
Chairman
Sydney, 4 December 2018

DIRECTORS' DECLARATION

The directors declare that:

(a) In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;

(b) In the directors' opinion, the attached consolidated financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements;

(c) In the directors' opinion, the attached consolidated 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 Group; and

(d) The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

At the date of this declaration, the Company is within the class of companies affected by legislative instrument 2016/191. The Company is within the class of company as affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order 2016/785 applies, as detailed in note 18 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

C D Corrigan
Chairman
Sydney, 4 December 2018

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Auditor's Independence Declaration to the Directors of Webster Limited

As lead auditor for the audit of Webster Limited for the financial year ended 30 September 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Webster Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Gregory J Logue
Partner
Sydney, 4 December 2018

Webster Limited

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 September 2018

	Note	2018 ($'000)	15-months to 30 September 2017 ($'000)
Continuing Operations			
Revenue	2(a)	145,263	166,087
Cost of sales	2(c)	(123,883)	(136,318)
Gross profit		21,380	29,769
Other income	2(b)	61,999	109,674
Distribution expenses		(3,380)	(3,552)
Marketing expenses		(395)	(426)
Operational expenses		(29,784)	(51,315)
Administration expenses		(3,225)	(4,100)
Finance costs	2(c)	(7,457)	(7,976)
Other expenses		(236)	(102)
Impairment loss	2(d)	-	(22,913)
Profit before income tax expense		**38,902**	**49,059**
Income tax (expense)/benefit	3	(11,817)	9,225
Net profit for the year/period from continuing operations		27,085	58,284
Total comprehensive income for the year/period		**27,085**	**58,284**
Profit attributable to:			
Owners of the parent		27,085	58,284
		27,085	**58,284**
Total comprehensive income attributable to:			
Owners of the parent		27,085	58,284
		27,085	**58,284**
Earnings per share			
Basic (cents per share)	16	7.60	16.66
Diluted (cents per share)	16	7.57	16.44

The above Consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Webster Limited

Consolidated statement of financial position

As at 30 September 2018

	Note	2018 ($'000)	2017 ($'000)
Current Assets			
Cash and cash equivalents	21(a)	11,008	15,442
Trade and other receivables	5	17,735	24,593
Inventories	6	80,361	47,259
Other assets	7	218	811
		109,322	88,105
Assets classified as held for sale	14	133,772	-
Total current assets		**243,094**	**88,105**
Non-Current Assets			
Property, plant and equipment	8	327,773	305,587
Investments		91	78
Intangibles - water	9	161,952	212,871
Intangibles - goodwill	9	25,896	25,896
Intangibles - other	9	1,638	1,763
Total non-current assets		**517,350**	**546,195**
Total assets		**760,444**	**634,300**
Current Liabilities			
Trade and other payables	10	19,555	14,229
Borrowings	11	163,844	16,334
Current tax liability		3,120	3,796
Provisions	12	2,237	1,583
Other liability	13	7,090	1,433
		195,846	37,375
Liabilities directly associated with assets classified as held for sale	14	2,905	-
Total current liabilities		**198,751**	**37,375**
Non-Current Liabilities			
Borrowings	11	46,743	103,608
Net deferred tax liability	3	13,333	8,455
Provisions	12	133	85
Total non-current liabilities		**60,209**	**112,148**
Total liabilities		**258,960**	**149,523**
Net assets		**501,484**	**484,777**
Equity			
Issued capital	15	477,865	477,865
Reserves		(921)	(1,380)
Retained earnings		24,540	8,292
Total equity		**501,484**	**484,777**

The above Consolidated statement of financial position should be read in conjunction with the accompanying notes.

Webster Limited

Consolidated statement of changes in equity

For the year ended 30 September 2018

	Share capital	Equity settled employee benefits reserve [1]	(Accumulated losses)/Retained earnings	Attributable to the owners of the parent	Total
	($'000)	($'000)	($'000)	($'000)	($'000)
Balance at 1 July 2016	**462,844**	**371**	**(46,359)**	**416,856**	**416,856**
Profit or loss for the 15-month period	-	-	58,284	58,284	58,284
Total comprehensive income/(loss) for the period	-	-	58,284	58,284	58,284
Payment of dividends	-	-	(3,508)	(3,508)	(3,508)
Equity issued as consideration for acquisition of subsidiaries	15,021	-	-	15,021	15,021
Recognition of share-based payments (2)	-	(1,751)	(125)	(1,876)	(1,876)
Balance at 30 September 2017	**477,865**	**(1,380)**	**8,292**	**484,777**	**484,777**
Profit or loss for the year ended 30 September 2018	-	-	27,085	27,085	27,085
Total comprehensive income for the year	-	-	27,085	27,085	27,085
Payment of dividends	-	-	(10,676)	(10,676)	(10,676)
Recognition of share-based payments (2)	-	459	(161)	298	298
Balance at 30 September 2018	**477,865**	**(921)**	**24,540**	**501,484**	**501,484**

1. Equity settled employee benefits reserve relates to the Executive Long-Term Incentive Plan
2. The recognition of share-based payments represents the 12-month period expense for all members of the Executive Long-Term Incentive Plan for the period whilst they were a participant. It also recognises the cost associated with the shares being allocated. The balance includes treasury shares.

The above Consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Webster Limited

Consolidated statement of cash flows

For the year ended 30 September 2018

	Note	2018 ($'000)	15-months to 30 September 2017 ($'000)
Cash Flows from Operating Activities			
Receipts from customers		171,638	247,707
Payments to suppliers and employees		(133,586)	(168,014)
Interest paid		(7,407)	(7,976)
Interest Received		155	97
Income tax (payment)/refund		(5,632)	2,758
Net cash provided by operating activities	21(e)	25,168	74,572
Cash Flows from Investing Activities			
Payment for biological assets, property, plant and equipment		(94,202)	(64,849)
Payment for water entitlements		(25,210)	(9,754)
Net cash outflow on acquisition of subsidiaries		-	(10,000)
Proceeds from sale property, plant and equipment		2,565	14,446
Proceeds from government grants - development works		7,327	1,433
Proceeds from sale water entitlements		-	77,786
Net cash (used in)/provided by investing activities		(109,520)	9,062
Cash Flows from Financing Activities			
Proceeds from borrowings from others		128,000	279,772
Repayment of borrowings from others		(37,405)	(356,781)
Dividends paid		(10,676)	(3,633)
Net cash provided/(used in) by financing activities		79,919	(80,642)
Net (decrease)/increase in cash and cash equivalents		(4,433)	2,992
Cash and cash equivalents at the beginning of the period		15,442	12,450
Cash and cash equivalents at 30 September 2018		**11,009**	**15,442**
Less: cash balance classified as held for sale		(1)	-
	21(a)	11,008	15,442

The above Consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Basis of preparation

This section sets out the basis upon which the Webster Group's financial statements are prepared as a whole. Significant and other accounting policies that summarises the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements. All other accounting policies are outlined throughout the relevant notes.

Statement of Compliance: Webster Limited is a limited company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The General purpose financial report is prepared in accordance with the *Corporations Act 2001* and Applicable Accounting Standards and Interpretation, and complied with other requirements of the law. Webster Limited is a "for profit entity". The financial report includes the consolidated financial statements of Webster Limited ("Webster" or the "Company") and its controlled entities ("Webster group" or the "Group").

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures the financial statements and notes of the company and the Webster group comply with International Financial Reporting Standards.

The financial report has been prepared on the basis of historical cost, except for Walnut inventories and Cropping inventories that are measured at net realisable value after harvest. Any costs incurred for Walnut and Cropping inventories prior to harvest are recorded at cost. Livestock is accounted for in accordance with AASB 141, fair value less costs to sell. Certain non-current assets and financial instruments are revalued at year end. Cost is based on the fair values of the consideration given in exchange for assets.

All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Webster Limited is a company of the kind referred to in Legislative Instrument 2016/191, dated 24 March 2016.

The accounting policies adopted are consistent with those of the previous year, unless otherwise stated.

1. Basis of preparation(continued)

Basis of consolidation: The consolidated financial statements incorporate the financial statements of Webster Limited and entities controlled by the company (referred to as 'Webster Limited in these financial statements). Control is achieved when Webster Limited:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from our involvement with the investee; and
- Has the ability to use our power to affect its returns. The company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the 12-month period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

The Group eliminate all intra-group transactions, balances, income and expenses in full on consolidation. In the separate financial statements of Webster Limited, intra-group transactions ('common control transactions') are generally accounted for by reference to the existing (consolidated) book value of the items.

Where the transaction value of common control transactions differs from their consolidated book value, we recognise the difference as a contribution by or distribution to equity participants by the transacting entities.

Comparative Information: Where applicable, comparative information has been reclassified in order to comply with current period disclosure requirements, the impact of which is not material to the financial report.

Webster was granted relief under section 340(1) of the Corporations Act by the Australian Securities and Investments Commission to change its financial year-end from 30 June to 30 September in the prior year. The change in year-end was to align the nature of Webster's growing season with its financial reporting period. Hence, prior reporting period was for the 15 months to 30 September 2017. Current reporting period is 12 months (30 September 2018) in comparison to 15-month prior period (30 September 2017) and hence the amounts presented in the financial statements are not entirely comparable.

Rounding: Unless otherwise shown in the financial statements, amounts have been rounded to the nearest tenth of a thousand dollars and are shown by $'000. Webster Limited is a company of the kind referred to in the Australian Securities and Investment Commission (ASIC) Class Order 2016/191.

Currency: Unless otherwise shown in the financial statements, amounts are in Australian dollars, which is Webster's functional currency.

Critical accounting judgements and key sources of estimation uncertainty: In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Group review the estimates and underlying assumptions on an ongoing basis. We recognise revisions to accounting estimates in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant events: The Group entered into a sale of one of its subsidiaries, Bengerang Pty Limited ("Bengerang") to AFF Water Pty Limited for $132.7 million. On 31 October 2018 at an Extraordinary General Meeting the shareholders voted in favour of the sale of Bengerang and this transaction was completed on 7 November 2018.

The associated assets and liabilities of the Bengerang have been disclosed as held for sale as at 30 September 2018 in the Statement of financial position. The shares in Bengerang has not been disposed as at 30 September 2018, and their assets and liabilities have been included in the Consolidated Statement of Financial Position as at 30 September 2018.

2 Profit/(loss) from Operations

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

		2018 $'000	15-months to 30 September 2017 $'000
(a)	**Revenue**		
	Revenue from the sale of goods	145,263	166,087
	Total revenue	**145,263**	**166,087**
(b)	**Other Income**		
	Gain on disposal of permanent water rights and PPE	2,243	22,609
	Increment in net market value of agricultural assets	49,829	28,409
	Net foreign exchange gains/(loss)	831	(1,059)
	Net Income from sales of unused water allocations	518	4,627
	Revenue from the rendering of services	5,545	7,338
	Interest revenue	155	97
	Rental revenue	89	1,463
	Income from sale of property compulsory acquired	-	39,999
	Other	2,789	6,191
	Total other income	**61,999**	**109,674**
(c)	**Expenses**		
	Cost of sales	**123,883**	**136,318**
	Finance Costs		
	Interest on loans	6,164	6,674
	Dividends on instruments classified as financial liabilities	36	18
	Other finance costs	1,257	1,284
	Total finance costs	**7,457**	**7,976**
	Depreciation and amortisation expense		
	Depreciation of non-current assets	14,322	14,293
	Amortisation of non-current assets	125	156
	Total depreciation and amortisation	**14,447**	**14,449**
	Employee benefits expense		
	Equity settled share-based payments	298	213
	Post-employment benefits	1,520	1,722
	Other employee benefits	27,985	23,187
	Total employee benefits expense	**29,803**	**25,122**

(d) Significant items

Profit/(loss) before tax expenses includes the following specific expenses for which disclosure is relevant in explaining the financial performance of Webster Ltd:

	2018	2017
Impairment of property, plant and equipment	-	22,913
Total impairment	**-**	**22,913**

The impairment of property, plant and equipment in the 15-month prior period relates to assets decommissioned and impaired following an agreement entered with the Commonwealth of Australia in May 2017 in respect of its Lake Tandou operations.

2 Profit/(loss) from Operations (Continued)

Recognition and measurement

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

Sale of goods – Revenue from the sale of goods and disposal of other assets is recognised when the Group has transferred to the buyer the significant risk and rewards of ownership of the goods.

Rendering of services – Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as revenue from a time and material basis and is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred. This is in relation to Walnut lot supervision and management for the Managed Investment Schemes.

Dividend and interest revenue – Dividend revenue from investments is recognised when the Group's right to receive the payment has been established. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Finance Costs - Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Operational expenses - The Group categorise direct costs in relation to operational activities as operational expenses. These costs include growing input costs, salary and wages, depreciation expense for Plant and equipment, diesel, harvesting costs, processing and selling costs, repair and maintenance of machinery and costs associated with field earthworks.

Employee Benefits - The Group recognise for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required, and they are capable of being measured reliably.

The Group measure liabilities in respect of employee benefits expected to be settled wholly within 12 months at their nominal values using the remuneration rate expected to apply at the time of settlement.

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

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

Interest income and expense - are accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rates. Fees paid on the establishment of loan facilities are deferred and expensed over the term of the respective agreement while all other finance costs are expensed.

Depreciation of non-current assets includes the depreciation of biological assets (Walnut Trees) resulting from the adoption of accounting standard AASB 2014-6 as from 1 July 2016.

3 Income Taxes

		2018	15-months to 30 September 2017
		$'000	$'000
(a)	**Income tax recognised in profit or loss**		
	Tax (expense)/benefit comprises:		
	Current tax expense	(4,809)	(3,796)
	Adjustments recognised in the current year in relation to the current tax of prior years	(148)	13,583
	Deferred tax (expense)/benefit relating to the origination and reversal of temporary differences	(6,860)	(562)
	Total tax benefit (relating to continuing operations)	(11,817)	9,225
	The prima facie income tax (expense)/benefit on pre-tax accounting (loss)/profit from operations reconciles to income tax (expense) benefit in the financial statements as follows:		
	Profit from continuing operations	38,902	49,059
	Total profit from operations	38,902	49,059
	Income tax expense calculated at 30%	(11,671)	(14,718)
	Non-deductible expenses	(214)	(6,963)
	Non-assessable gain	-	17,034
	Utilisation of previously unrecognised losses	14	289
	Change in recognition of (deferred tax asset)/deferred tax liability	(317)	12,307
	Over provision of income tax in previous year	370	1,080
	Other	1	196
		(11,817)	9,225

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

3 Income Taxes (Continued)

Deferred tax assets and liabilities

2018	Opening balance $'000	Charged to income $'000	Classified as held for sale $'000	Closing balance $'000
Deferred tax assets:				
Provisions	2,231	380	-	2,611
Other Assets	413	(209)	-	204
Unused tax losses	9,000	(4,170)	-	4,830
	11,644	(3,999)	-	7,645
Deferred tax liabilities:				
Property, plant & equipment	(17,735)	(5,154)	-	(22,889)
Financial assets – non-receivables	(101)	138	-	37
Inventory & biological assets	(2,263)	2,155	-	(108)
	(20,099)	(2,861)	-	(22,960)
	(8,455)	(6,860)	-	(15,315)
Less: classified as held for sale	-	-	1,982	1,982
	(8,455)	(6,860)	1,982	(13,333)

2017	Opening balance $'000	Charged to income $'000	Other $'000	Closing balance $'000
Deferred tax assets:				
Provisions	946	1,285	-	2,231
Other Assets	732	(319)	-	413
Unused tax losses	11,217	(2,217)	-	9,000
	12,895	(1,251)	-	11,644
Deferred tax liabilities:				
Property, plant & equipment	(14,351)	(1,908)	(1,476)	(17,735)
Financial assets – non-receivables	-	(101)	-	(101)
Inventory & biological assets	(18,381)	16,118	-	(2,263)
Other	(10)	10	-	-
	(32,742)	14,119	(1,476)	(20,099)
	(19,847)	12,868	(1,476)	(8,455)

3 Income Taxes (Continued)

Recognition and measurement

Webster Limited and its wholly-owned Australian resident entities became a tax-consolidated group with effect from 1 December 2010 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Webster Limited. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Any current tax liabilities, current assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

The directors have implemented a tax sharing agreement and tax funding agreement between members of the consolidated group. On the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Under the terms of the tax funding arrangement, Webster Limited and each of the entities in the tax-consolidated group will agree to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. The tax sharing agreement will provide for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

Current tax – Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or tax loss for the period. The Group calculate using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax – The Group account for Deferred tax using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability to tax purposes.

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

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

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

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

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

4 Remuneration of Auditors

	2018 $	15-months to 30 September 2017 $
Amounts received or due and receivable by Ernst & Young for;		
An Audit or review of the financial report of the parent entity (i)	220,000	-
Amounts received or due and receivable by Ernst & Young for;		
AGW Funds management Limited	47,500	-
Other audit service in relation to the entity and any other entity in the consolidated Group		
Tax Services	98,421	-
	365,921	-
Amounts received or due and receivable by non Ernst & Young audit firms		
Review of financial report	152,302	447,600
Taxation services	4,390	286,017
Other non-audit services	6,500	-
	163,192	733,617
	529,113	733,617

The auditor of the Group is Ernst & Young. The auditor for the 15 months ended 30 September 2017 was Deloitte. Other services include services relating to general advice.

(i) Fees for audit services in respect of the year ended 30 September 2018 are fees incurred in respect of the half year review and fees incurred to date in respect of the audit for the year ended 30 September 2018.

5 Trade and Other Receivables

	2018 $'000	2017 $'000
Current		
Trade receivables	17,735	15,321
Other receivables (Lake Tandou Agreement)	-	8,000
Goods and services tax (GST) recoverable	-	1,272
	17,735	24,593
Ageing of past due but not impaired		
61 – 90 days	227	2,232
91 – 120 days	-	1,778
121 + days	938	4,031
Total	1,165	8,041
Movement in allowance for doubtful debts		
Balance at the beginning of the year	(3,809)	(2,213)
Impairment losses recognised on receivables	-	(1,596)
Amounts written off as uncollectible	3,777	-
Balance at the end of the year	(32)	(3,809)
Ageing of impaired		
61 - 90 days	-	-
91 - 120 days	32	771
121 + days	-	3,038
Total	32	3,809

5 **Trade and Other Receivables (continued)**

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The Group has recognised an allowance for doubtful debts against receivables from Managed Investment Scheme (MIS) growers.

Recognition and measurement

Trade receivables - are recognised initially at fair value and subsequently measured at amortised cost. An allowance for doubtful debts is raised based on a review of outstanding balances at balance date. Bad debts are written off against the allowance account and any other change in the allowance account is recognised in the statement of profit or loss and other comprehensive income.

6 **Inventories**

		2018	2017
Inventories		$'000	$'000
Raw materials		2,081	4,163
Cropping inventories		36,052	522
Walnut inventory		12,439	9,651
Walnut nursery trees		1,200	280
Water allocation		-	1,664
		51,772	16,280
	Fair Value Input Level		
Biological Assets			
Cropping	3	13,583	14,834
Walnuts	3	7,168	2,483
Livestock	2	7,838	13,662
		28,589	30,979
		80,361	47,259

2018	**Cotton**	**Walnuts**
Biological Assets	**$'000**	**$'000**
Opening inventories	14,834	2,483
Preparation costs	66,158	33,022
Transfer to finished good inventory	(67,409)	(28,337)
Closing inventories	13,583	7,168

2018	**Sheep $'000**	**Head**	**Cattle $'000**	**Head**
Opening	5,498	41,067	8,164	5,924
Net natural increase	-	20,671	-	4,307
Purchases	1,162	5,518	366	295
Sales	(3,143)	(31,525)	(7,739)	(7,089)
Net market value Increase	711	-	2,819	-
Closing	4,228	35,731	3,610	3,437

Recognition and measurement

Inventories are valued at the lower of cost and net realisable value except for walnut and cropping inventories which are measured at fair value less estimated cost to sell at the point of harvest, and subsequently net realisable value under AASB 102 Inventories.

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

- The Group value walnut inventories in accordance with AASB 141 Agriculture whereby the cost of the non-living (harvested) produce is deemed to be its fair value less cost to sell immediately after it becomes non-living. This valuation takes into account current walnut selling prices and current processing and selling costs.

- The Group value cropping inventories in accordance with AASB 141 Agriculture whereby the cost of the non-living (harvested) produce is deemed to be its fair value less cost to sell immediately after it becomes non-living. This valuation takes into account current crop selling prices and current processing and selling costs.

6 Inventories (continued)

- The Group value livestock in accordance with AASB 141 Agriculture whereby its fair value less cost to sell is determined by an independent valuation at each reporting date.

- Costs associated with the preparation for future crop, pre-biological transformation are held at cost, as the best indication of fair value less cost to sell.

Biological asset at fair value

At the end of each reporting period, the Group measure unharvested produce of walnuts and crop at fair value less cost to sell. The Group also measures livestock at fair value less cost to sell.

The net increments or decrements in the market value of biological assets are recognised as either revenue or expense in the income statement.

Fair Value Inputs are summarised as follows:

Level 1 Price Inputs - are quoted prices (unadjusted in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 Price Inputs - are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The value of the Livestock is determined by independent valuation with reference to prices received from representative sales of breeding cattle similar to the Company's herd. Independent valuations were undertaken. In performing the valuation, consideration is given to the class, age, quality and location of the herd.

Level 3 Price Inputs - are inputs for the asset or liability that are not based on observable market data (unobservable inputs). Costs associated with the preparation for future crop, pre-biological transformation are held at cost, as the best indication of fair value less cost to sell.

7 Other Assets

	2018	2017
	$'000	$'000
Current		
Prepayments	218	811
	218	811

8 Property, Plant and Equipment

	Freehold land ($'000)	Land improvements ($'000)	Buildings ($'000)	Plant and equipment at cost ($'000)	Capital work in progress ($'000)	Equipment under finance lease at cost ($'000)	Walnut Orchards ($'000)	Total ($'000)
Gross carrying amount								
Balance at 1 July 2016	123,672	28,112	36,631	54,977	9,780	2,397	43,642	299,211
Additions	11,975	3,310	810	19,729	35,128	-	9,411	80,363
Disposals	(9,840)	(509)	(995)	(4,497)	(2,161)	(422)	-	(18,424)
Impairment loss	(3,044)	(12,094)	(5,722)	(475)	(1,578)	-	-	(22,913)
Reclassification of assets	-	502	(982)	11,246	(10,368)	(398)	-	-
Balance at 30 September 2017	122,763	19,321	29,742	80,980	30,801	1,577	53,053	338,237
Accumulated depreciation/ amortisation and impairment								
Balance at 1 July 2016	-	(827)	(2,013)	(18,844)	-	(368)	-	(22,052)
Disposals	-	105	282	3,308	-	-	-	3,695
Depreciation expense	-	(1,105)	(1,000)	(9,256)	-	(407)	(2,525)	(14,293)
Balance at 30 September 2017	-	(1,827)	(2,731)	(24,792)	-	(775)	(2,525)	(32,650)
Net book value								
As at 30 June 2016	123,672	27,285	34,618	36,133	9,780	2,029	43,642	277,159
As at 30 September 2017	122,763	17,494	27,011	56,188	30,801	802	50,528	305,587
Gross carrying amount								
Balance at 1 October 2017	122,763	19,321	29,742	80,980	30,801	1,577	53,053	338,237
Additions	18,572	3,371	4,426	30,557	23,926	-	13,350	94,202
Disposals	(273)	-	(515)	(3,709)	-	(101)	-	(4,598)
	141,062	22,692	33,653	107,828	54,727	1,476	66,403	427,841
Less: classified as assets held for sale	(38,199)	(8,212)	(3,399)	(11,090)	-	-	-	(60,900)
Balance at 30 September 2018	102,863	14,480	30,254	96,738	54,727	1,476	66,403	366,941
Accumulated depreciation/ amortisation and impairment								
Balance at 1 October 2017	-	(1,827)	(2,731)	(24,792)	-	(775)	(2,525)	(32,650)
Disposals	-	-	39	2,282	-	59	-	2,380
Depreciation expense	-	(1,195)	(782)	(9,668)	-	(235)	(2,442)	(14,322)
	-	(3,022)	(3,474)	(32,178)	-	(951)	(4,967)	(44,592)
Less: classified as assets held for sale	-	927	482	4,015	-	-	-	5,424
Balance at 30 September 2018	-	(2,095)	(2,992)	(28,163)	-	(951)	(4,967)	(39,168)
Net book value								
As at 30 September 2017	122,763	17,494	27,011	56,188	30,801	802	50,528	305,587
As at 30 September 2018	102,863	12,385	27,262	68,575	54,727	525	61,436	327,773

8 Property, Plant and Equipment (continued)

Recognition and measurement

Land improvements and buildings - After initial recognition the asset is carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation on buildings is charged to profit or loss.

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

Orchard - the asset is carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation on orchards is charged to profit or loss.

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

The Group use the following estimated useful lives in the calculation of depreciation:

Land improvements (years)	1-20
Buildings (years)	5-40
Leasehold improvements (years)	2-20
Plant and equipment (years)	2-40
Orchards (years)	7 - 27

Leased assets - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. We classify all other leases as operating leases.

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 Webster's general policy on borrowing costs.

Webster Limited 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.

Webster Limited as lessor – Purchased assets where the Group is a lessor under operating leases, are carried at cost and depreciated over their useful lives, which vary depending on the class of assets. Operating lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. Assets leased out under operating leases are included in property, plant and equipment.
Finance lease 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.

9 Intangibles

	Goodwill $'000	Licenses $'000	Contracts $'000	Permanent Water Rights $'000	Total $'000
Net book value					
Balance at 1 July 2016	24,700	100	1,819	240,450	267,069
Amortisation expense	-	-	(156)	-	(156)
Additions	2,565	-	-	17,141	19,706
Disposals	-	-	-	(46,089)	(46,089)
Transfers	(1,369)	-	-	1,369	-
Balance at 30 September 2017	25,896	100	1,663	212,871	240,530
Amortisation expense	-	-	(125)	-	(125)
Additions	-	-	-	25,210	25,210
Disposals	-	-	-	-	-
Balance at 30 September 2018	25,896	100	1,538	238,081	265,615
Less: classified as assets held for sale	-	-	-	(76,129)	(76,129)
	25,896	100	1,538	161,952	189,486

(a) **Impairment test for goodwill**

Goodwill amounts recognised arose from the purchase of portfolios of agricultural assets. The goodwill has been allocated to the cropping cash-generating unit. The Group tests the recoverable amount of the goodwill at least annually or where there is an indication that the asset may be impaired (which is assessed at least each reporting date).

The recoverable amount of the cash generating unit (CGU) has been determined based on fair value less costs of disposal. This assessment comprises the valuation of assets using the direct comparison method of valuation where applicable with external valuations being obtained. These are based on Level 2 fair value inputs.

Management has corroborated the value of each asset of the CGU through reference to external market prices.

No reasonably possible change in a key assumption on which management has based its determination of the unit's recoverable amount would cause the unit's carrying amount to exceed its recoverable amount.

(b) **Licences**

Licences are measured at cost and tested for impairment on an annual basis.

(c) **Contracts**

Contracts are measured at cost and amortised on a straight-line basis over the term of the contract.

(d) **Permanent water rights**

The value of permanent water rights is an integral part of land and irrigation infrastructure required to grow both walnuts and annual crops. The value of Permanent water rights is attributable to both the horticulture $136.6 million and agriculture cropping $25.3 million CGUs. The fair value of permanent water rights used for impairment testing is supported by the tradeable market value, which at current market prices is higher than the carrying value.

The recoverable amount of the Permanent Water Rights has been determined based on the fair value of less costs of disposal. This assessment comprises the valuation of assets using the direct comparison method of valuation where applicable with external valuations being obtained. These are based on Level 2 inputs.

Management has corroborated the value of each asset of the CGU through reference to external market prices.

No reasonably possible change in a key assumption on which management has based its determination of the unit's recoverable amount would cause the unit's carrying amount to exceed its recoverable amount.

9 Intangibles (continued)

Recognition and measurement

Goodwill – The Group recognise goodwill arising in a business combination as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, the Group allocates goodwill to the cropping cash generating unit that is expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.
On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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

Permanent water rights – The Group record permanent water rights at cost. Such rights have an indefinite life and are not depreciated. As an integral component of the land and irrigation infrastructure required to grow walnuts and cotton, the carrying value is tested annually for impairment with reference to market values. If events or changes in circumstances indicate impairment, the carrying value is adjusted to take account of any impairment losses.

Licences - are measured at cost and tested for impairment on an annual basis.

Impairment of Assets - At each reporting date, the Group 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 Group estimate the recoverable amount of the asset in order to determine the extent of the impairment loss (if any). Where the assets do not generate cash flows that are independent from other assets, we estimate the recoverable amount of the cash-generating unit to which the assets belong.

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted. The fair value less costs to sell is assessed with respect to the market value of the underlying assets, including properties and water rights, less estimated costs to sell, relative to the carrying value of the assets and liabilities attributable to the cash generating unit.

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.

Where an impairment loss is subsequently reversed, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

10 Trade and Other Payables

	2018 ($'000)	2017 ($'000)
Current		
Trade payables	19,555	14,229
	19,555	14,229

The average credit period on purchases is 30 days. Interest is charged on a creditor by creditor basis. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

Recognition and measurement

Trade and other payables - are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Payables are stated at their amortised cost.

11 Borrowings

		Note	2018 $'000	2017 $'000
(a)	**Current**			
	At amortised cost			
	Secured			
	Bank loans	(i)	163,653	16,088
	Finance lease liabilities	(ii)	191	246
			163,844	16,334
(b)	**Non-Current**			
	At amortised cost			
	Secured			
	Bank loans	(i)	46,075	102,635
	Finance lease liabilities	(ii)	274	579
	Unsecured			
	Non-redeemable cumulative preference shares	(iii)	394	394
			46,743	103,608

(i) Secured by mortgage over property and floating charge over assets, the value of which exceeds the loan. The bank loan amount of $132.5 million was repaid on the settlement of the sale of Bengerang Pty Limited on 7 November 2018.

(ii) Secured by assets leased, the value of which exceeds the lease liability.

(iii) 394,000 9% non-redeemable cumulative preference shares at a par value of $1.00 per share.

Credit facilities - At 30 September 2018 the Group had a total of $250.0 million (30 June 2017: $220 million) committed credit facilities with external financial institutions. These facilities have fixed maturity dates as follows: $70.0 million in July 2019, $180.0 million in January 2022. As at 30 September 2018 $39.7 million of the facilities available to Webster was undrawn.

Recognition and measurement

Borrowings -are recorded initially at fair value, net of transactions costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference 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.

12 Provisions

	2018 $'000	2017 $'000
Current		
Employee benefits	1,623	1,430
Quality Claims	250	153
Other	364	-
	2,237	1,583
Non-Current		
Employee benefits	133	85
	133	85
	2,370	1,668
Movements in provisions		
Balance at 1 October 2017	1,668	1,670
Less: transfer to liabilities directly associated with assets classified as held for sale	(106)	-
Increase/(reductions) arising from payments	808	(2)
Balance at 30 September 2018	2,370	1,668

Recognition and measurement

Provisions are recognised when the Group has a present obligation (legal or constructive) and, as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

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

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

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

13 Other Liabilities

	2018 $'000	2017 $'000
Current		
Commonwealth grants received	7,090	1,433
	7,090	1,433

Commonwealth grants received relate to Capital Work in progress and will be offset against property, plant and equipment at the completion of the development projects.

14 Assets and liabilities of disposal entity classified as held for sale

	2018 $'000	2017 $'000
Assets classified as held for sale		
Cash and cash equivalents	1	-
Trade and other receivables	253	-
Inventories	1,763	-
Other assets	83	-
Property, plant and equipment	55,476	-
Investments	67	-
Intangibles - water	76,129	-
Total assets of disposal entity held for sale	133,772	-
Liabilities directly associated with assets classified as held for sale		
Trade and other payables	817	-
Provisions	106	-
Net deferred tax liability	1,982	-
Total liabilities of disposal entity held for sale	2,905	-

In August 2018, the Group entered into an agreement subject to certain conditions precedent, to sell one of its subsidiaries, Bengerang Pty Limited to AFF Water Pty Limited for $132.7 million. The associated assets and liabilities have been classified as held for sale as at 30 September 2018.

Recognition and measurement

Assets (or disposal entity) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal entity) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal entity), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal entity) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal entity) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal entity classified as held for sale are presented separately from the other assets in the Consolidated Statement of Financial Position. The liabilities of a disposal entity classified as held for sale are presented separately from other liabilities in the Consolidated Statement of Financial Position.

15 Issued Capital

	Note	2018 $'000	2017 $'000
361,245,163 fully paid ordinary shares	(i)	477,865	477,865
		477,865	477,865

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

		Note	2018		2017	
			Number	$'000	Number	$'000
(i)	Fully paid ordinary share capital					
	Balance at 1 October 2017		361,245,163	477,865	350,745,163	462,844
	Shares issued	(ii)	-	-	10,500,000	15,021
	Balance at 30 September 2018		361,245,163	477,865	361,245,163	477,865

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

(ii) Share capital issued during the year ended 30 September 2018

No ordinary shares were issued during the year ended 30 September 2018 (15-month period ended 30 September 2017 - 10,500,000 ordinary shares were issued).

16 Earnings per share

	Note	Cents per share 2018	Cents per share 2017
Basic earnings per share	(a)	7.60	16.66
Diluted earnings per share	(b)	7.57	16.44

(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:

	2018 $'000	2017 $'000	2018	15-months to 30 September 2017
Earnings used in the calculation of basic earnings per share	27,085	58,284		
Weighted average number of ordinary shares for the purposes of basic earnings per share			356,515,163	349,825,562

(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:

	2018 $'000	2017 $'000	2018	15-months to 30 September 2017
Earnings used in the calculation of diluted earnings per share	27,085	58,284		
Weighted average number of ordinary and potential ordinary shares for the purpose of diluted earnings per share			357,763,620	354,523,062

17 Dividends

	2018		2017	
	Cents per share	Total $'000	Cents per share	Total $'000
(a) Dividends paid during the year				
Fully paid ordinary shares				
Final Dividend - FY 2017: paid December 2017, (FY 2016 paid October 2016)	3.0	10,676	1.0	3,508
		10,676		3,508

(b) Dividends proposed

The Directors have declared a fully franked 3.0 cent per share dividend on ordinary shares for the year ended 30 September 2018. The Directors have declared an unfranked 9.0 cent per share dividend on cumulative preference shares paid on 27 June 2018.

(c) Franking credits balance	2018	2017
Franking account balance at 1 October 2017	747	1,281
Tax paid	5,632	940
Dividends paid	(4,660)	(1,474)
Net Franking credits available at 30 September 2018	1,719	747
Impact on franking account balance of dividends not recognised	-	-

18 Subsidiaries

	Country of Incorporation	Ownership Interest 2018 (%)	Ownership Interest 2017 (%)
Parent Entity			
Webster Limited	Australia		
Controlled Entities			
AGW Finance Pty Ltd	Australia	100	100
AGW Funds Management Ltd	Australia	100	100
AGW Walnuts Pty Ltd	Australia	100	100
Bengerang Ltd	Australia	100	100
Clements and Marshall Pty Ltd	Australia	100	100
Clements Marshall Consolidated Limited	Australia	100	100
Cygnet Canning Company Pty Ltd	Australia	100	100
Motspur Park Pty Limited	Australia	100	100
Tandou Ltd	Australia	100	100
Walnuts Australia Pty Ltd	Australia	100	100
PrimeAg Fund Operations Pty Ltd	Australia	100	100
Webster Southern Ag Pty Ltd	Australia	100	100

All the above entities are audited by Ernst & Young.

All entities carry on business in Australia.

These wholly-owned controlled entities other than AGW Funds Management Limited, Motsur Park Pty Limited, PrimeAg Fund Operations Pty Limited and Webster Southern Ag Pty Limited have obtained approval under the ASIC Class Order 2016/785 granting relief from the requirement to produce audited financial reports and are party to a cross guarantee.

The parent entity has entered into a range of cross guarantees and registered mortgage debentures over assets and capital of Webster Limited, which include the above entities other than AGW Funds Management Limited, Motsur Park Pty Limited, PrimeAg Fund Operations Pty Limited and Webster Southern Ag Pty Limited under its banking arrangements with ANZ and Rabo Bank.

18 Subsidiaries (continued)

(a) Financial performance

The following statement of financial performance represents the consolidated position of profit or loss and other comprehensive income of subsidiaries of Webster Limited (Parent entity) that are party to the deed of cross guarantee. AGW Funds Management Limited, Motsur Park Pty Limited, PrimeAg Fund Operations Pty Limited and Webster Southern Ag Pty Limited are not a party to the cross guarantee.

	2018	15-months to 30 September 2017
	$'000	$'000
Revenue	91,461	97,639
Cost of sales	(77,466)	(77,628)
Gross Profit	13,995	20,011
Other income	33,103	87,914
Distribution expenses	(3,298)	(3,480)
Marketing expenses	(395)	(422)
Operational expenses	(15,261)	(33,720)
Administration expenses	(2,481)	(3,271)
Finance costs	(7,431)	(7,933)
Impairment loss	-	(22,913)
Other expenses	(233)	(98)
Profit before income tax expense	17,999	36,088
Income tax (expense)/benefit	(11,817)	9,225
Total comprehensive income for the period	6,182	45,313

18 Subsidiaries (continued)

(b) Financial position

The following statement of financial position represents the consolidated financial position of subsidiaries of Webster Ltd (Parent entity) that are party to the deed of cross guarantee. AGW Funds Management Limited, Motsur Park Pty Limited, PrimeAg Fund Operations Pty Limited and Webster Southern Ag Pty Limited are not a party to the cross guarantee.

	2018	2017
	$'000	$'000
Current Assets		
Cash and cash equivalents	10,176	14,707
Trade and other receivables	12,466	21,462
Inventories	49,844	30,686
Other assets	139	849
	72,625	67,704
Assets classified as held for sale	133,772	-
Total current assets	**206,397**	**67,704**
Non-Current Assets		
Property, plant and equipment	294,990	282,679
Investments	23,100	23,102
Intangibles - water	161,952	212,871
Intangibles - goodwill	24,283	24,283
Intangibles - other	1,638	1,763
Total non-current assets	**505,963**	**544,698**
Total Assets	**712,360**	**612,402**
Current Liabilities		
Trade and other payables	18,327	12,453
Borrowings	163,653	16,130
Current tax liability	3,120	3,796
Provisions	1,500	942
	186,600	33,321
Liabilities directly associated with assets classified as held for sale	2,905	-
Total current liabilities	**189,505**	**33,321**
Non-Current Liabilities		
Borrowings	90,001	146,937
Net deferred tax liability	8,961	4,083
Provisions	90	62
Total non-current liabilities	**99,052**	**151,082**
Total Liabilities	**288,557**	**184,403**
Net Assets	**423,803**	**427,999**
Equity		
Issued capital	477,865	477,865
Reserves	(9,454)	(9,913)
Retained earnings	(44,608)	(39,953)
Total Equity	**423,803**	**427,999**

19 Commitments for Expenditure

	Note	2018 $'000	2017 $'000
(a) Lease commitments			
Non-cancellable operating leases	(i)		
Not longer than one year		88	187
Longer than one year and not longer than five years		9	95
		97	282
Finance lease liabilities	(ii)		
Not longer than one year		208	273
Longer than one year and not longer than five years		282	608
Minimum lease payments		490	881
Less: Future finance charges		(24)	(56)
Finance lease liabilities		466	825
Present value of minimum future lease payments:			
Not longer than one year		208	274
Longer than one year and not longer than five years		263	565
		471	839

(i) Operating lease commitments relate to properties and equipment with lease terms of up to 10 years.
(ii) Finance lease liabilities relate to various plant and equipment with lease terms of up to 5 years.

		2018 $'000	2017 $'000
(b) Capital expenditure commitments			
Not longer than one year		29,786	56,891
		29,786	56,891

20 Segment Information

(a) Segments

Following the purchase of the Kooba Ag assets and the acquisition of Bengerang Ltd and Tandou Ltd, the group manages and reports its business operations under two main reportable segments, Agriculture and Horticulture. The Agriculture segment products are primarily annual row crops including cotton, wheat and maize as well as livestock, whereas the Horticulture segment pertains to tree crops which are currently walnuts and almonds.

(b) Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Segment Revenue and Other Income		Segment Results	
	2018	**15-months to 30 September 2017**	**2018**	**15-months to 30 September 2017**
	$'000	$'000	$'000	$'000
Agriculture	153,726	193,590	43,124	45,658
Horticulture	53,354	82,256	10,727	18,850
Total for continuing operations	207,080	275,846	53,851	64,508
Unallocated income/(expense)			182	(85)
Corporate and directors' costs			(7,711)	(7,388)
Finance costs			(7,420)	(7,976)
Profit before tax			38,902	49,059

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2017: nil).
The accounting policies of the reportable segments are the same as the Group's accounting policies.

(c) Segments assets and liabilities

	2018	**2017**
	$'000	$'000
Assets		
Agriculture	505,721	424,377
Horticulture	184,400	144,893
Total segment assets	690,121	569,270
Unallocated	70,323	65,030
Consolidated total assets	760,444	634,300
Liabilities		
Agriculture	25,821	34,958
Horticulture	12,257	9,830
Total segment liabilities	38,078	44,788
Unallocated	220,882	104,735
Consolidated total liabilities	258,960	149,523

(d) Information on geographical areas

The consolidated entity's goods are sold in both domestic and international markets. The following table details the consolidated entities revenues from continuing operations and non-current assets by geographical location.

	Revenue from Customers		**Non-Current Assets**	
	2018	**15-months to 30 September 2017**	**2018**	**15-months to 30 September 2017**
	$'000	$'000	$'000	$'000
Australia	123,010	126,823	517,350	546,195
Europe	18,843	30,889	-	-
Other	3,410	8,375	-	-
	145,263	166,087	517,350	546,195

The Revenue of $48.0 million (30 September 2017: Nil) were derived from two of the Group's major external customers. No other customer contributed to more than 10% of the Group's revenue.

21 Notes to the Cash Flow Statement

	2018 $'000	2017 $'000
(a) Cash and cash equivalents		
Cash and cash equivalents	11,008	15,442
	11,008	15,442

(b) Non-cash financing and investing activities

During the year ended 30 September 2018, the consolidated entity did not acquire equipment via finance leases.

(c) Financing facilities

	2018 $'000	2017 $'000
Secured bank loan rolling facilities		
- Amount used (i)	210,259	119,272
- Amount unused	39,741	100,728
	250,000	220,000

(i) Amount used is gross of bank establishment fees.

(d) Cash balances not available for use

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

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

	2018 $'000	2017 $'000
Profit for the period	27,085	58,284
Depreciation of non-current assets	14,322	14,293
Amortisation of non-current assets	125	156
Finance costs in relation to borrowings	50	-
Fair value of investments	(80)	-
Repayment of foreign exchange forward contract	-	259
Net profit relating to non-current assets	(348)	(2,172)
Profit on the sale of water rights	(1,670)	(23,497)
Share based payments expenses	298	-
Impairment of property, plant and equipment	-	22,913
Movements in working capital		
- Decrease/(increase) in trade and other receivables	6,605	1,694
- Decrease in inventories	(34,865)	13,094
- Decrease/(increase) in other assets	510	(814)
- Increase/(decrease) in trade and other payables	6,143	(1,002)
- Increase in provisions	808	2,756
- Decrease in tax balances	6,185	(11,392)
Net cash flows from operating activities	25,168	74,572

21 Notes to the Cash Flow Statement (continued)

(f) Changes in liabilities arising from financing activities

	1 October 2017	Cash flows	Other	30 September 2018
Current borrowings	16,088	20,123	127,442	163,653
Current obligation under finance leases	246	(66)	11	191
Non-current borrowings	102,635	70,864	(127,425)	46,074
Non-current obligations under finance leases	579	(326)	22	275
Cumulative non-redeemable preference shares	394	-	-	394
	119,942	90,595	50	210,587

22 **Related Party Disclosures**

(a) **Key management personnel compensation**

	2018 $'000	15-months to 30 September 2017 $'000
Short-term employee benefits	2,280	1,938
Long-term employee benefits	298	218
Post-employment benefits	224	266
	2,802	2,422

(b) **Transactions with key management personnel**

During the financial year, where Directors, their Director-related entities, and executives purchased goods, the purchases were domestic or trivial in nature, from the Group on the same terms and conditions available to other employees and customers.

The Group entered into management agreements with Australian Food and Fibre Ltd ("AFF") (pursuant to the purchase of the Kooba Aggregation, Bengerang Ltd and Tandou Ltd) a company in which Mr Joe Robinson is an associate. The agreement was renewed on 1 July 2017 for a 3-year term with an annual fee of $300,000 plus bonus incentives based on performance to a maximum potential of $500,000. During the financial year ended 30 September 2018 management fees of $275,000 was paid to AFF. A further management agreement was entered into with AFF for the management of the Tandou operations for the 2018 crops only. The value of the management services was $200,000 with a bonus potential of $2,000,000 based on various performance achievements. During the financial year, the management fees and bonus were paid in accordance with the agreement. For the management of the Tandou operations AFF also incurred expenses on behalf of the Company and were reimbursed at cost for those expenses amounting to $2,191,131, majority of this expenditure related to harvesting costs.

The Company entered into an agreement with Corrigan Air, a company which Mr Christopher Corrigan and Mr Joseph Corrigan are associates. The current agreement is for the provision of the use of light aircraft to transport management to its properties. The arrangement is charged at cost which amounted to $507,371 for the year ended 30 September 2018.

The Company supplied walnuts to Langdon Ingredients, Bakery Craft and The Natural Foods Trading Company, all companies in which Mr Chris Langdon is an associate. The goods were supplied at arm's length on normal commercial terms. The value of goods supplied was $733,808 for the year ended 30 September 2018.

Other than the above, and contracts of employment, no other key management personnel have entered into a contract with the Company during the financial period.

(c) **Equity interests in related parties**

Details of percentage of ordinary shares held in controlled entities are disclosed in note 18 to the financial statements.

(d) **Parent entity**

The parent entity of the Group is Webster Limited. The ultimate Australian parent entity is Webster Limited. There are no contingent liabilities.

23 Parent Entity Disclosures

(a) Financial Position

	2018 $'000	2017 $'000
Assets		
Current assets	5,464	10,644
Non-current assets	397,472	309,696
Total assets	402,936	320,340
Liabilities		
Current liabilities	173,155	25,822
Non-current liabilities	29,446	68,279
Total liabilities	202,601	94,101
Equity		
Issued capital	477,865	477,865
Reserves	(910)	(1,369)
Retained Earnings	(276,620)	(250,257)
Total Equity	200,335	226,239

(b) Financial Performance

	2018 $'000	2017 $'000
Loss for the period	15,526	10,625
Total comprehensive loss	15,526	10,625

24 Business Combinations

No subsidiaries were acquired during the year ended on 30 September 2018.

25 Financial Instruments

(a) Capital risk management

The Group's manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 30 September 2017.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 11, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital as disclosed in note 15, reserves and retained profits.

The Group operates globally, primarily through subsidiary companies established in the markets in which the Group trades. None of the Group's entities are subject to externally imposed capital requirements.

Gearing ratio

The Group's Board of Directors reviews the capital structure on an annual basis. As a part of this review the committee considers the cost of capital and the risk associated with each class of capital. The Board of Directors of the Group in considering its overall capital structure takes into account the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The gearing ratio at year end was as follows:

	Note	2018	2017
		$'000	$'000
Financial assets			
Debt	(i)	210,587	119,942
Cash and cash equivalents		(11,008)	(15,442)
Net debt		199,579	104,500
Equity	(ii)	501,484	484,777
Net debt to equity ratio		28.5%	17.7%

(i) Debt is defined as long- and short-term borrowings, as detailed in note 11
(ii) Equity includes all capital and reserves.

(b) Categories of financial instruments

	2018	2017
Financial assets	$'000	$'000
Cash and cash equivalents	11,008	15,442
Trade and other receivables	17,735	24,593
Financial liabilities		
Trade and other payables	19,555	14,229
Borrowings	210,587	119,942

(c) Financial risk management objectives

The Group's key management personnel co-ordinate access to domestic and international financial markets and manage the financial risks relating to the operations of the consolidated entity.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into forward foreign exchange contracts to hedge the exchange rate risks arising on the export of produce to Europe and Asia.

(d) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group enters into derivative financial instruments to manage its exposure to foreign currency risk, including:

Forward foreign exchange contracts to hedge the exchange rate risk arising on foreign sales or exports

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

(e) **Foreign currency risk management**

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts and currency swap agreements. The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts

	2018			
	USD $'000	EUR $'000	GBP $'000	JPY $'000
Trade and other receivables	1,048	2,927	-	-
Cash at bank	486	49	-	55
Trade and other payables	(453)	-	-	-
Net Exposure	1,081	2,976	-	55

	2017			
	USD $'000	EUR $'000	GBP $'000	JPY $'000
Trade and other receivables	7,047	4,063	-	-
Cash at bank	4,304	503	-	55
Trade and other payables	(220)	-	-	-
Net Exposure	11,131	4,566	-	55

Forward foreign exchange contracts

It is the policy of all entities in the Group to enter into forward foreign exchange contracts to cover up to 100% of the exposure generated by specific foreign currency payments and receipts. The Group also enters into forward foreign exchange contracts and to manage the risk associated with anticipated horticultural export transactions. A progressive cover strategy is adopted from the time of budgeting through to harvest when up to 90% of exposure is hedged.

As at 30 September 2018, there were USD 500,000 and EUR 1,700,000 forward foreign exchange contracts outstanding.

Foreign exchange sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relative currency. 10% is the sensitivity rate used as it represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency derivatives and adjusts their fair value at the year-end for a 10% change in foreign currency rates. A positive number indicates an increase in other equity where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency.

	2018		15-months to 30 September 2017	
	10%	-10%	10%	-10%
Other comprehensive income	$'000	$'000	$'000	$'000
- Euro	-	-	-	-
- United States Dollar	-	-	-	-
	-	-	-	-

	2018		15-months to 30 September 2017	
	10%	-10%	10%	-10%
Profit & Loss	$'000	$'000	$'000	$'000
- Euro	(306)	250	(590)	721
- United States Dollar	(76)	62	(1,281)	1,566
	(382)	312	(1,871)	2,287

There were no outstanding forward foreign exchange contracts at the reporting date (2017: nil).

25 Financial Instruments (continued)

(f) Interest rate risk management

The company and the Group are exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. This risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings. The company and Group's exposures to interest rates on financial assets and financial liabilities are detailed in the maturity profile of financial instruments section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the impact on the group is as follows:

	Effect on Profit and Loss			
	2018		15-months to 30 September 2017	
	+1%	-1%	1%	-1%
Financial assets				
Cash & cash equivalents	110	(110)	154	(154)
Financial liabilities				
Borrowings	(1,967)	2,028	(1,500)	4,452

The following tables detail the Group's expected maturity for its non-derivative financial assets and contractual maturity for non-derivative financial liabilities.

	Weighted Average Effective Rate %	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
2018					
Financial Assets					
Non-interest bearing					
Trade and other receivables	-	17,735	-	-	17,735
Assets classified as held for sale	-	321	-	-	321
Variable interest rate					
Cash and cash equivalents	1.17	11,008	-	-	11,008
		29,064	-	-	29,064
Financial Liabilities					
Non-interest bearing					
Trade and other payables		19,555			19,555
Other financial liabilities					
Liabilities directly associated with assets classified as held for sale		817	-	-	817
Variable interest rate					
Bank loans	3.24	163,653	46,075	-	209,728
Fixed interest rate maturity					
Finance lease liabilities	3.51	191	274	-	465
Cumulative non-redeemable preference shares*	9.00	35	142	394	571
		184,251	46,491	394	231,136

	Weighted Average Effective Rate %	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
2017					
Financial Assets					
Non-interest bearing					
Trade and other receivables	-	24,593	-	-	24,593
Variable interest rate					
Cash and cash equivalents	0.47	15,442	-	-	15,442
		40,035			40,035
Financial Liabilities					
Non-interest bearing					
Trade and other payables	-	14,229	-	-	14,229
Variable interest rate					
Bank loans	2.97	16,088	102,635	-	118,723
Fixed interest rate maturity					
Finance lease liabilities	3.51	246	579	-	825
Cumulative non-redeemable preference shares*	9.00	35	142	394	571
		30,598	103,356	394	134,348

*Amounts disclosed in more than 5 years represent principal amounts. There is no expiration term.

25 Financial instruments (continued)

(g) Credit risk management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group undertakes credit check prior to dealing with any new counterparty and obtains sufficient collateral or other security, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded are spread amongst approved counterparties.

Trade accounts receivable consist of a large number of customers, spread across diverse industries and geographical locations. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

The carrying amount of financial instruments recorded in the financial statements, net of any allowances for losses, represent the group's maximum exposure to credit risk.

(h) Fair value of financial instruments

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximate their fair value.

The fair values of financial assets and financial liabilities are determined as follows:

· The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

· The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

· The fair value of derivative instruments, included in hedging assets and liabilities, are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable forward rates and yield curves for the duration of the instruments.

The following tables detail the fair value of financial assets and financial liabilities.

	Carrying amount 2018 ($'000)	Fair value 2018 ($'000)	Carrying amount 2017 ($'000)	Fair value 2017 ($'000)
Financial assets				
Trade and other receivables	17,735	17,735	24,593	24,593
	17,735	17,735	24,593	24,593
Financial liabilities				
Cumulative non-redeemable preference shares	394	394	394	394
Trade and other payables	19,555	19,555	14,229	14,229
Bank loans	209,728	209,728	118,723	118,723
Finance lease liabilities	465	465	825	825
	230,142	230,142	134,171	134,171

Some of the Group's financial assets and financial liabilities are measured at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

· Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

· Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

· Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no financial assets and financial liabilities measured at fair value that were outstanding at the end of the reporting period.

25 Financial instruments (continued)

(i) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continually monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities. The following tables detail the contractual maturity (including future interest) for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of liabilities based on the earliest date on which the Group earned or required to pay.

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

The following tables detail the Group's expected maturity for its non-derivative financial assets and contractual maturity for non-derivative financial liabilities.

	Weighted Average Effective Rate %	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
2018					
Financial Liabilities					
Non-interest bearing					
Trade and other payables	-	19,555	-	-	19,555
Liabilities directly associated with assets classified as held for sale	-	817	-	-	817
Variable interest rate					
Bank loans	3.24	167,806	52,983	-	220,789
Fixed interest rate maturity					
Finance lease liabilities	3.51	208	282	-	490
Cumulative non-redeemable preference shares*	9.00	35	142	394	571
		188,421	53,407	394	242,222

	Weighted Average Effective Rate %	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
2017					
Financial Liabilities					
Non-interest bearing					
Trade and other payables	-	14,229	-	-	14,229
Variable interest rate					
Bank loans	2.97	18,322	111,975	-	130,297
Fixed interest rate maturity					
Finance lease liabilities	3.51	204	579	-	783
Cumulative non-redeemable preference shares*	9.00	35	142	394	571
		32,790	112,696	394	145,880

*Amounts disclosed in more than 5 years represent principal amounts. There is no expiration term.

Projection is based on the likely outcome of the facilities given the interest rates and margins at the reporting date up until the contractual maturity of the facilities. The projection is based on the undiscounted cash flows.

25 Financial instruments (continued)

Recognition and measurement

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit and loss depends on the nature of the hedge relationship.

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

Cash flow hedge – The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit and loss.

Amounts deferred in equity are recycled in profit and loss in the period when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or non- financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

We discontinued hedge accounting when Webster Limited revokes the hedging relationship. The hedge instrument expires or is sold, terminates, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit and 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 and loss. When the Group revokes the hedging relationship, the hedge instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

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

26 Events after the reporting period

The Group entered into a sale of one of its subsidiaries, Bengerang Pty Limited ("Bengerang") to AFF Water Pty Limited, a related party, for $132.7 million. On 31 October 2018 at an Extraordinary General Meeting the shareholders voted in favour of the sale of Bengerang. The associated assets and liabilities of Bengerang have been classified as held for sale as at 30 September 2018 in the Statement of Financial Position.

There have been no other matters or circumstances, other than that referred to in the financial statements or notes thereto, that have arisen since 30 September 2018 that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

27 Other accounting policies

Cash and cash equivalents - Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Walnut Orchards - Walnut Orchards are classified as Property, Plant and Equipment. Additions to the Walnut Orchards are valued at cost and are depreciated from the year reach maturity.

Growing Crop – The Group value the growing walnut crop in accordance with AASB 141 Agriculture. This valuation takes into account current selling prices and current growing, processing and selling costs. The calculated crop value is then discounted to take into account that it is only partly developed, and then further discounted by a suitable factor to take into account the agricultural risk until crop maturity. Where little biological transformation has occurred in the growing crop, cost is used as an estimate of fair value.

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

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

27 Other accounting policies (continued)

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. Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements.

Effective interest method – The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period.

The Group recognise income on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.
Financial assets at fair value through profit or loss –we classify financial assets as financial assets at fair value through profit or loss where the financial asset:

- has been acquired principally for the purpose of selling in the near future;
- is a part of an identified portfolio of financial instruments that Webster manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. The Group determine fair value in the manner described in note 25.

Loans and receivables – Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. The Group record loans and receivables at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets – Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When the trade receivable is uncollectible, it is written off against the allowance account. We credit subsequent recoveries of amounts previously written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit and loss.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit and loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial Instruments - Debt and equity instruments – The Group classify debt and equity instruments as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The Group record equity instruments issued by Webster as the proceeds received, net of direct issue costs.

Financial guarantee contract liabilities – The Group measure financial guarantee contract liabilities initially at their fair value and subsequently at the higher of:

- the amount of the obligation under the contract, as determined under AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'; and
- the amount initially recognised less, where appropriate, cumulative amortisation in accordance with revenue recognition policies described in note 2.

Financial liabilities – The Group classify financial liabilities as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

27 Other accounting policies (Continued)

Other financial liabilities – Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Foreign currency - In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.
Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences which relate to assets under construction for future productive use are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer note 25(e)); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

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.

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

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

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

The Group recognise government grants relating to income as income over the periods necessary to match them with related costs. Government Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to Webster with no future related costs are recognised as income of the period in which they become receivable.

Government Grants whose primary condition is that Webster Limited should purchase, construct or otherwise acquire non-current assets are recognised as a reduction in the cost of non-current assets in the statement of financial position upon completion of the project.

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

27 Other accounting policies (Continued)

The Group recognise acquisition-related costs in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. The Group adjust subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group measure its previously held interests in the acquired entity to fair value at the acquisition date (that is the date Webster attains control) and recognise the resulting gain or loss, if any. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of. The acquiree' s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with AASB 2 Share-based Payment; and

- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Webster Limited reports provisional amounts for the items for which the accounting is incomplete. We adjust those provisional amounts during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

27 Other accounting policies (Continued)

Share-based payments - The Group measure equity-settled share-based payments to employees at the fair value of the equity instruments at the grant date. Fair value is measured by use of a Black Scholes pricing model taking into account the terms and conditions upon which the equity-settled share-based payments were granted. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The Group recognise the impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Material prior period errors shall be retrospectively corrected in the first financial statements authorised for issue after their discovery by:
(a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or

(b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

However, to the extent that it is impracticable to determine either:

(a) the period-specific effects of an error on comparative information for one or more prior periods presented, the entity shall restate the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable (which may be the current period); or

(b) the cumulative effect, at the beginning of the current period, of an error on all prior periods, the entity shall restate the comparative information to correct the error prospectively from the earliest date practicable. The correction of a prior period error is excluded from profit or loss for the period in which the error is discovered. Any information presented about prior periods, including any historical summaries of financial data, is restated as far back as is practicable.

Critical accounting judgements and key sources of estimation uncertainty - In the application of the Group's accounting policies, management is required to make judgement's, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The critical judgements and key assumptions that management has made that have the most significant effect on the amounts recognised in the financial statements are impairment of Goodwill (Note 9), Carrying value of permanent water rights (note 9) and Inventories and biological assets (note 6).

28 New accounting standards

New and amended Standards and interpretations

Amendments to AASB 107 Statement of Cash Flows: Disclosure Initiative
The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Group has provided the information for the current period in note 21 (f).

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting year ended 30 September 2018. These have not been adopted early by Webster. The assessment of the impact of these new standards is set out below:

Standards and Interpretations in Issue not yet adopted

Standard / Interpretation	Nature of Change	Impact on financial statements
AASB 9 ' Financial Instruments' (effective for Webster accounting period starting on 1 October 2018)	AASB 9 introduces various new concepts including: • amended rules for hedge accounting • changes to the categorisation and measurement of financial assets particularly affecting those measured as available for sale ("AFS") or held to maturity ("HTM") • new methods of calculating impairment losses of financial assets; and • a change to the rules surrounding the modification of financial liabilities measured at amortised cost.	The Group will first apply AASB 9 in the financial year beginning 1 October 2018. The Group is in the process of finalising its assessment of the requirements of the new standard and its impact on the Group's financial assets or financial liabilities for the year ended 30 September 2019.
AASB 15 Revenue from Contracts with Customers' (effective for Webster for the accounting period starting on 1 October 2018)	AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer. This new standard requires a five-step analysis of transactions to determine whether, how much and the point at which revenue is recognised. It applies to all contracts with customers except leases, financial instruments and insurance contracts.	The Group will first apply AASB 15 in the financial year beginning 1 October 2018. The Group is in the process of finalising its assessment of the requirements of the new standard and its impact on the Group's financial statements for the year ended 30 September 2019.
AASB 16 'Leases' (effective for Webster for the accounting period starting on 1 October 2019)	AASB 16 requires recognition of a right-of use asset along with the associated lease liability where the entity is a lessee. An interest expense will be recognised in the profit or loss using the effective interest rate method, and the right-of-use asset will be depreciated. Lessor accounting will largely remain unchanged.	The Group will first apply AASB 16 in the financial year beginning 1 October 2019. The Group is in the process of finalising its assessment of the requirements of the new standard and its impact on the Group's financial statements for the year ended 30 September 2020.

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Independent Auditor's Report to the Members of Webster Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Webster Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 September 2018, the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 September 2018 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Assets and liabilities classified as held for sale

Why significant

On 17 August 2018, the Group entered into a share purchase agreement to divest its wholly owned subsidiary, Bengerang Limited ('Bengerang'). Bengerang holds both agricultural and water assets in northern NSW.

The sale was classified in accordance with Australian Accounting Standards, as 'held for sale'. Accordingly, all assets and liabilities of Bengerang are presented as current at 30 September 2018. Furthermore, bank loans of $132.5m, secured against the Bengerang assets, are classified as current on the basis this debt has been repaid on the sale of Bengerang.

The sale was conditional upon a number of factors including the approval of Shareholders, which was achieved on 31 October 2018. Settlement occurred on 7 November 2018 and as such this is disclosed in Note 26 of the financial report as a subsequent event.

The sale of Bengerang is significant for the year ended 30 September 2018 due to the value of the anticipated proceeds from the sale, together with the impact of the classification of the assets and liabilities of $133.8m and $2.9m respectively, being presented as current.

Note 14 of the financial report sets out the nature of the amounts comprising the 'held for sale' assets and liabilities.

How our audit addressed the key audit matter

Our audit procedures included the following:

- We considered the Group's assessment of the Bengerang assets and liabilities as being classified as 'held for sale' in accordance with Australian Accounting Standards.
- We assessed whether all assets and liabilities related to Bengerang were identified and included in the held for sale classification and disclosures.
- We assessed the classification of loans secured against the Bengerang assets as a current liability.
- We assessed the value of the 'held for sale' assets to ensure their carrying value is recoverable.
- We considered the adequacy of the disclosures included in Note 14 of the financial report.

2. Recoverability of Goodwill

Why significant	How our audit addressed the key audit matter
At 30 September 2018, goodwill of $25.9m was recorded in the Group's consolidated statement of financial position. All of the goodwill is attributable to the 'Agricultural - Cropping' cash generating unit ('CGU') of the Group. In accordance with *Australian Accounting Standards*, goodwill should be tested for impairment annually to ensure it is not recorded at an amount in excess of its recoverable amount. The recoverable amount is the higher of the fair value less costs to dispose (FVLCD) and value in use (VIU). The Group has relied on the FVLCD in their assessment of the impairment of goodwill. The assessment of impairment of goodwill was considered a key audit manner as the assessment involves assumptions used to determine the market value of the property assets and Water Right assets used in the FVLCD calculation.	Our audit procedures included the following: ▶ We assessed the determination of the Group's cash generating units (CGUs) used in the impairment assessment. ▶ We considered the appropriateness of the assets and liabilities included in the carrying value of the Agricultural Cropping CGU, to which the goodwill is attributed. ▶ We tested the mathematical accuracy of the FVLCD calculation, including the consistency of relevant data. ▶ We assessed whether the FVLCD of the underlying properties and Water Right asset exceeded the carrying value of the Agriculture Cropping' CGU, inclusive of goodwill. ▶ We reviewed a sample of property and Water Right asset valuations applied in deriving the FVLCD of the CGU, as determined by the Directors using an independent valuation expert. This review included the involvement of our real estate and valuation specialists in its execution. ▶ We considered the competence, capabilities and objectivity of the Group's independent valuation expert. ▶ We considered the adequacy of the disclosures included in Note 9 of the financial report.

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3. Carrying Value of Water Rights

Why significant	How our audit addressed the key audit matter
At 30 September 2018, Water Right assets of \$161.9m were recorded on the Group's consolidated statement of financial position. This represents 21.3% of the Group's total assets. The carrying value of the Water Right assets are significant given the size of those assets relative to total assets. These assets are considered to have an indefinite useful life and are assessed for impairment by the Group at least annually. The impairment assessment involves ensuring the Fair Value of these Water Right assets meets or exceeds their carrying value. Fair Value has been assessed by the Group with respect to the current market prices of water licenses. The Group has disclosed the basis for determining the recoverable amount of Water Rights within Note 9(d) of the financial report.	Our audit procedures included the following: ▶ We assessed the Group's accounting policies with respect to Water Right assets for compliance Australian Accounting Standards. ▶ We considered the competence, capabilities and objectivity of those responsible for determining the market value of the Water Right assets. ▶ We assessed the market value assessment by selecting a sample of the water right asset valuations and compared these to recent sales evidence. This work included the involvement of Ernst & Young valuation specialists in its execution. ▶ We considered the adequacy of the disclosures included in Note 9 of the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 16 of the directors' report for the year ended 30 September 2018.

In our opinion, the Remuneration Report of Webster Limited for the year ended 30 September 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Gregory J Logue
Partner
Sydney, 4 December 2018

ASX Additional Information

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows:

Number and distribution of shareholders

Number and distribution of shareholders	Ordinary	Cumulative Preference
1 - 1,000	629	163
1,001 - 5,000	1,289	13
5,001 - 10,000	688	5
10,001 - 100,000	1,182	10
100,001 and over	155	0
Total number of shareholders	3,943	191
Total number of issued shares listed	361,245,163	394,000
Number of shareholders holding less than a marketable parcel	134	131

Voting Rights

Section 44 of the Company's Constitution govern the voting rights of members. In summary, but without prejudice to the provisions of the Constitution, at any meeting of the Company every member present in person or by proxy or by power of attorney or by duly authorised representative shall on a show of hands be entitled to vote and, on a poll be entitled to one vote for each share held. Preference shareholders' voting rights are limited to matters affecting rights of such shareholders.

Substantial shareholders	Number of Shares	%	Class of Shares
AFF Properties No 1 Pty Ltd atf The AFF Operations Trust	65,260,215	18.07	Ordinary
Belfort Investment Advisors Limited	45,132,434	12.49	Ordinary
Verolot Limited	38,561,181	10.67	Ordinary
Kaplan Equity Limited	32,474,953	8.99	Ordinary
Mr Bevan David Cushing as trustee of the KD Cushing Family Trust	20,244,413	5.60	Ordinary
Mr Peter Robin Joy	20,140,116	5.58	Ordinary

Twenty largest shareholders	Number of Shares	%
Listed Ordinary Shares		
AFF Properties No 1 Pty Ltd atf The AFF Operations Trust	65,260,215	18.07
Bell Potter Nominees Ltd <BB Nominees A/c>	37,140,914	10.28
Verolot Limited	32,215,862	8.92
National Nominees Limited	29,979,725	8.00
Belfort Investment Advisors Limited	21,272,722	5.89
Mr Peter Robin Joy	20,140,116	5.58
Sir Selwyn John Cushing and Mr Bevan David Cushing <K D Cushing Family A/c>	11,431,136	3.16
HSBC Custody Nominees (Australia) Limited	9,577,484	2.65
Rel-Trust Management Limited	5,559,529	1.54
Eagle Securities Limited	4,933,469	1.37
Rathvale Pty Limited	4,362,236	1.21
Sandhurst Trustees Ltd <JMFG Consol A/c>	4,308,121	1.19
Xetrov Pty Limited	3,910,000	1.08
J P Morgan Nominees Australia Limited	3,813,420	1.06
Ashfield Farm Limited	3,253,748	0.90
Mr Andrew Roy Newbery Sisson	3,018,769	0.84
Ossa Pty Ltd <Ossa Superannuation Fund A/c>	3,000,000	0.83
Citicorp Nominees Pty Limited	2,758,916	0.76
Tasman Super Pty Limited <Robinson Family S/F A/c>	1,947,836	0.54
BNP Paribas Noms (NZ) Ltd <DRP>	1,850,000	0.51

ASX Additional Information (continued)

Twenty largest shareholders	**Number of Shares**	**%**
Listed 9% Cumulative Preference Shares		
Mr David Calvert and Mrs Lorne Calvert <Southpork Super Fd A/c>	73,155	18.57
Winpar Holdings Limited	55,278	14.03
Mr Brian David Faulkner and Mrs Wendy Jean Faulkner	50,000	12.69
Mr Brian David Faulkner	35,019	8.89
Common Sense Investments Pty Ltd	15,908	4.04
Mr Leonard Wallace Boyd	15,556	3.95
Meggsies Pty Ltd	14,334	3.64
Mrs Frances Lorne Calvert	14,156	3.59
Mrs June Lorimer Tutty	14,062	3.57
Anchorfield Nominees Pty Ltd <Peter Martin Super Fund A/c>	12,034	3.05
Lesley Patricia Colman	11,800	2.99
Wilcorp No 41 Pty Limited	7,800	1.98
Dr Gordon Bradley Elkington	7,340	1.86
Mary Graham Neild	6,800	1.73
Mr David John Doberer and Mrs Joyce Lynette Carrey <DJ Doberer Super Fund A/c>	5,800	1.47
Mrs Gwendoline Mabel Shelton	4,062	1.03
Seven Bob Investments Pty Ltd <R F Cameron Super Fund A/c>	3,500	0.89
Dr David Megirian	2,666	0.68
J P Morgan Nominees Australia Limited	2,664	0.68
Ms Annabel Peta Sophie Catto	2,232	0.57